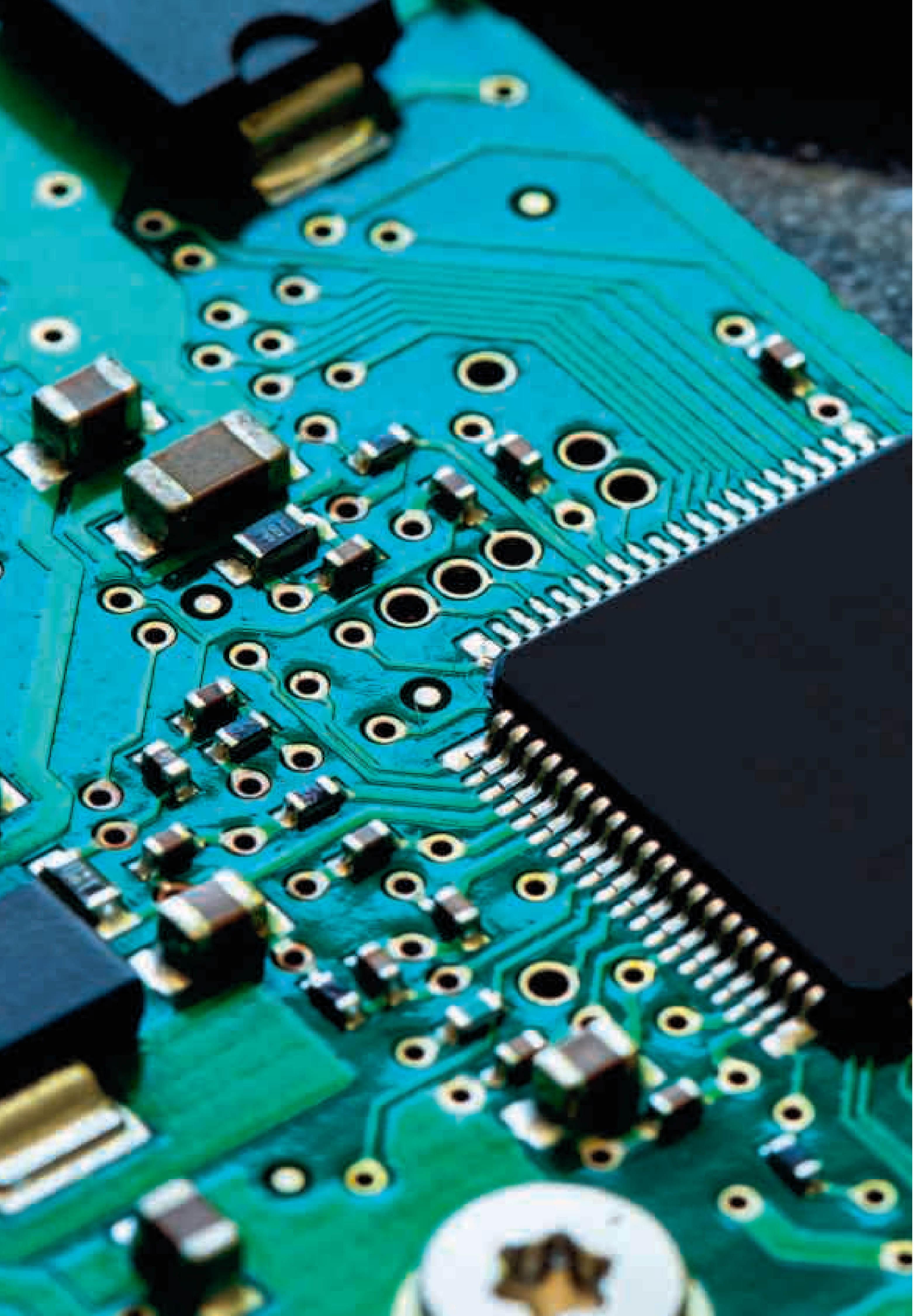
abrdn UK Smaller Companies Growth Trust plc

Annual Report 30 June 2024

Capturing the growth potential of UK smaller companies

abrdnuksmallercompaniesgrowthtrust.co.uk



"After two years of reporting underperformance, it is with pleasure that I can report that the past year saw a decisive return to outperformance."

Liz Airey, Chairman

"During the year under review, markets proved healthier after a challenging two years. The top-down pressure of inflation came under control in the UK and other regions although, relative to expectations, it is worth noting that interest rates have remained higher for longer."

Abby Glennie and Amanda Yeaman,
abrdn

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SCAN ME

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in abrdn UK Smaller Companies Growth Trust plc, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

To find out more about abrdn UK Smaller Companies Growth Trust plc, please visit:
abrdnuksmallercompaniesgrowthtrust.co.uk

Performance Highlights and Financial Calendar

Net asset total return[AB]	
+18.1%	
2023	–7.4%

Share price total return[AB]	
+21.0%	
2023	–6.8%

Total dividends per share	
12.00p	
2023	11.00p

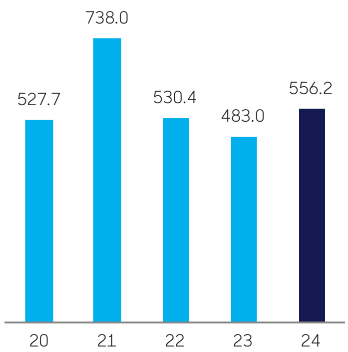
Discount to net asset value[AB]	
12.5%	
2023	14.3%

Revenue return per share	
13.12p	
2023	12.44p

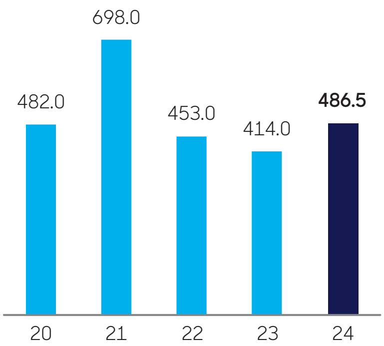
Ongoing charges ratio[ABC]	
0.92%	
2023	0.95%

[A] Considered to be an Alternative Performance Measure. See pages 96 to 98 for more information.
[B] A Key Performance Indicator ("KPI"). See page 13 for more information on the Company's KPIs.
[C] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

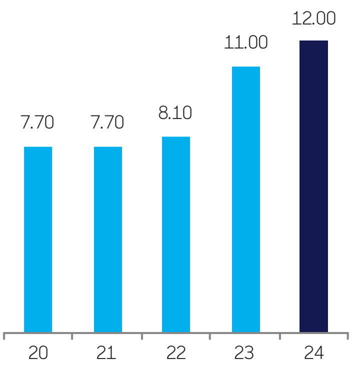
Net asset value per share
At 30 June – pence



Share price
At 30 June – pence



Dividends per share
Year ended 30 June – pence



Performance Highlights and Financial Calendar

Continued

Financial Calendar

Annual General Meeting (Edinburgh)	**21 November 2024**
Payment of final dividend for year ending 30 June 2024	**29 November 2024**
Half year end	**31 December 2024**
Expected announcement of results for the six months ending 31 December 2024	**February 2025**
Payment of interim dividend for year ending 30 June 2025	**April 2025**
Financial year end	**30 June 2025**
Expected announcement of results for year ending 30 June 2025	**September 2025**

Financial Highlights

	30 June 2024	30 June 2023	% change
Capital return			
Total assets (as defined on page 105)	**£453.1m**	£451.5m	0.3%
Equity shareholders' funds	**£413.1m**	£426.6m	(3.2%)
Market capitalisation[A]	**£361.3m**	£365.7m	(1.2%)
Net asset value per share (as defined on page 104)	**556.19p**	482.95p	15.2%
Share price	**486.50p**	414.00p	17.5%
Discount to NAV[B]	**12.5%**	14.3%	
Net gearing[B]	**5.8%**	2.5%	
Reference index[C]	**5,534.18**	5,199.92	6.4%
Dividends and earnings			
Revenue return per share[D]	**13.12p**	12.44p	5.5%
Total dividends per share[E]	**12.00p**	11.00p	9.1%
Operating costs			
Ongoing charges ratio[BF]	**0.92%**	0.95%	

[A] Represents the number of Ordinary shares in issue in the Company multiplied by the Company's share price.
[B] Considered to be an Alternative Performance Measure, as defined on pages 96 and 97.
[C] Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index.
[D] Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).
[E] The figures for dividend per share reflect the years in which they were earned (see note 8 on page 85).
[F] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

Strategic Report

The Company is an investment trust and its Ordinary shares are listed on the London Stock Exchange.

The Company's objective is to achieve long-term capital growth by investment in UK-quoted smaller companies.

Investments in the Electronics and Technology Hardware Equipment sectors represent 3.7% of the portfolio.

Chairman's Statement

Dear Shareholders

After two years of reporting underperformance, it is with pleasure that I can report that the past year saw a decisive return to outperformance, such that at our June year end your Company had outperformed the reference index and the wider peer group in both NAV and share price terms over the year, albeit it is still behind on a longer term view. I set out some detail on this below.

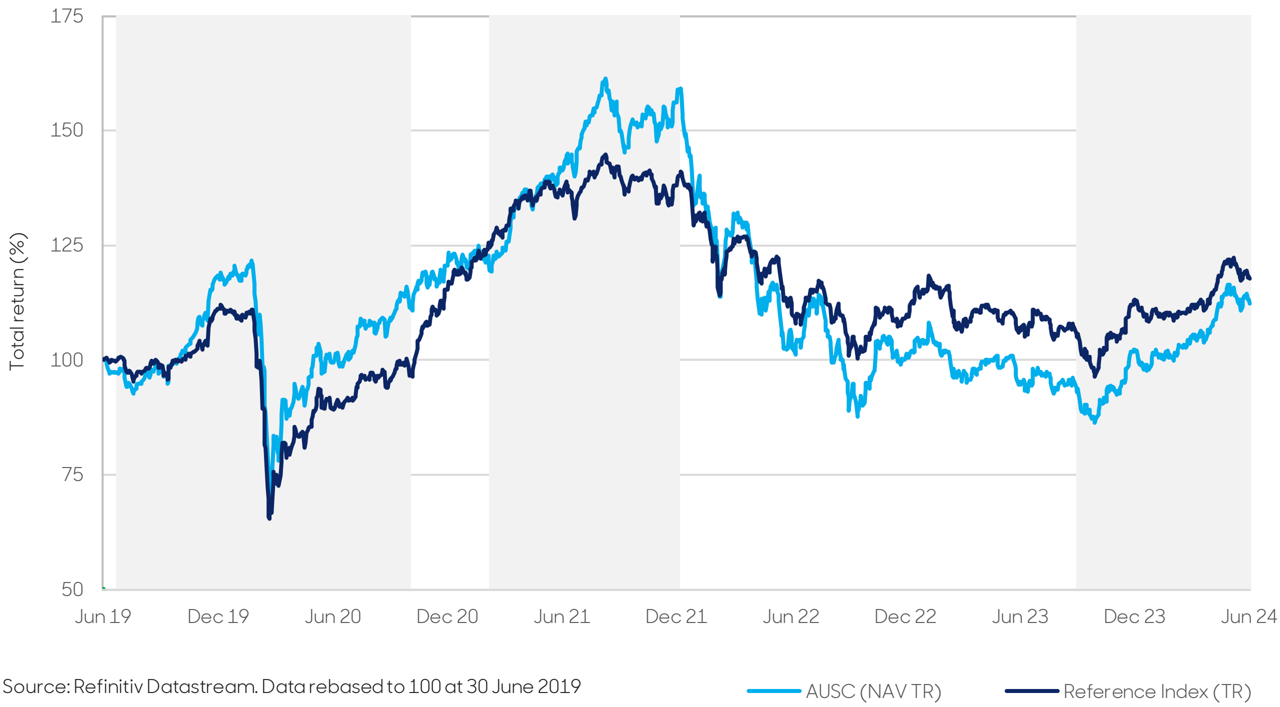
Performance

For the year ended 30 June 2024, the Company's net asset value ("NAV") total return, calculated on the basis that all dividends received are reinvested in additional shares, was 18.1% (2023: -7.4%). The share price total return, calculated on the same basis, was 21.0% (2023: -6.8%). In addition to the absolute returns generated, both the NAV and the share price outperformed the total return of the Company's reference index, the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index (the "reference index"), of 10.0%.

Below is an update of the graph which we included in last year's Annual Report. This shows the NAV total return of the Company and the total return of the reference index over the five years to 30 June 2024. Periods in grey indicate when the NAV was generally outperforming the index. While the graph shows that over the five year period the Company is behind the reference index, it shows that the weak performance took place in 2022 and the first nine months of 2023, and reversed sharply after that, narrowing the gap by the end of the period. The poor performance in 2022 and the first part of 2023 will continue to act as a drag on the five year performance record, but the last nine months of the year have shown the investment process recovering traction and positive contributions to relative performance from both stock selection and sector allocation.

Last year I reported on the work that the Board had done to further understand the root causes of the underperformance in 2022, and the conclusion we reached that this was largely attributable to external factors which were challenging for the Manager's investment style. It is pleasing to report that, not only have conditions become more favourable, but also that the portfolio has outperformed.

Cumulative Performance of Company and Reference Index (over 5 years)



Source: Refinitiv Datastream. Data rebased to 100 at 30 June 2019

Earnings and Dividends

The revenue return per share ("EPS") for the year ended 30 June 2024 was 13.12 pence (2023: 12.44 pence). The rate of increase of 5.5% has settled down to more reasonable and sustainable levels, following two years where increases have averaged over 39% per annum. This is in large part down to the recovery in the prospects of the underlying companies, but there has also been a contribution from the effect of share buy backs enhancing the EPS and the NAV per share. Included in the EPS is the enhancement to earnings of 1.21 pence per share (9.7%) as a result of share buy backs undertaken during the year. Recurring income is increasingly the predominant source of dividends, with only 2.5% of total revenue (excluding capital dividends) coming from special dividends. This can be compared to the position 10 years ago when around 20% of the revenue generated was classified as special.

The Board is declaring a final dividend for the financial year of 8.3 pence per share, which will take the full year dividend to 12.0 pence per share, an increase of 9.1% on the full year dividend paid in 2023. This will permit around 2.2 pence per share to be transferred to revenue reserves to provide against any future shortfalls in income generated. Subject to approval by shareholders at the Annual General Meeting, the final dividend will be paid on 29 November 2024 to shareholders on the register on 1 November 2024, with an associated ex-dividend date of 31 October 2024.

Ongoing Charges

The ongoing charges ratio ("OCR") for the year ended 30 June 2024 was 0.92% (2023: 0.95%). During the year, the Company benefited from renegotiated management fee terms that came into effect on 1 July 2023 (as set out on page 49), including the removal of the company secretarial fee with effect from 1 January 2024 and a lower fee for the provision of promotional activities by the Manager.

Discount Control and Share Buy Backs

At the year end the discount of the share price to the NAV was 12.5% (2023: 14.3%).

Over the year, the Board bought back 14.1 million shares, equating to 15.9% of the Company's issued share capital, at a total cost of £60.5 million and a weighted average price of 427.66 pence per share. The weighted average discount at which the shares were repurchased was 13.1%. The Board calculates that this has added 10.7 pence per share to the NAV for remaining shareholders.

The Board has remained committed to its discount target of 8% or lower and will continue to be active in the market when it believes it to be in the best interests of shareholders. It is, however, slightly frustrated that the sustained improvement in performance throughout the year, outstripping its reference index and many of its close peers, is not being reflected in the share price performance relative to the NAV.

"The Board is declaring a final dividend for the financial year of 8.3 pence per share, which will take the full year dividend to 12.0 pence per share, an increase of 9.1% on the full year dividend paid in 2023."

The pace of buy backs meant that the Board convened a General Meeting on 3 June 2024 at which shareholders granted authority for the Company to buy back a further 14.99% of the issued share capital. The renewed authority will lapse at the Annual General Meeting, at which time the Board will seek a renewed authority.

Full details of the Board's discount control policy can be found on page 18 and a five-year chart of the movement in the discount compared to the peer group and the discount control mechanism threshold can be found on page 25. It should be noted that the Board has implemented its discount control policy against an industry backdrop of widening discounts generally and it will continue to keep the nature of the policy and its level under review.

Since the end of the financial year, the discount of the share price to the NAV has continued to trade between 11% and 13% while the Company's performance continues to outperform the reference index and most of its close peers. The Board continues to stand behind the share price and the Company has bought back 543,624 shares since the year end at an average discount of 12.0%. The rate of buy backs has diminished, but this is largely driven by the lower volumes traded over the summer months.

Chairman's Statement

Continued

Gearing

The Board has given the Investment Manager discretion to vary the level of gearing between 5% net cash and 25% net gearing (at the time of drawdown). The Company has a £40 million revolving credit facility which matures in November 2025. At the start of the year the Company had drawn down £25 million of the facility and, as the Investment Manager became more confident about the outlook for the UK generally and smaller companies in particular, it drew the remaining £15 million of the facility in March. At the year end, the gross level of borrowings was offset by cash and investments in money market funds of £15.9 million resulting in net gearing of 5.8% (2023: 2.5%).

FRC Review of Annual Report

The Board was informed in February 2024 that the Financial Reporting Council (the "FRC") had undertaken a review of the 2023 Annual Report and Accounts in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. It is the FRC's usual practice to carry out such reviews on the annual reports of a selection of companies each year. The FRC advised the Board that the review did not give rise to any questions or queries.

Appointment of New Auditor

As explained in more detail in the Audit Committee's Report on page 66, during the year the Board, led by the Audit Committee, undertook an audit tender process and, following consideration of the tenders received, the Board decided to appoint Johnston Carmichael LLP as the Company's Auditor for the year ending 30 June 2025. KPMG LLP will therefore not be seeking re-appointment as Auditor at the Annual General Meeting and have issued a statutory statement pursuant to Section 519 of the Companies Act 2006 which is included separately with the Annual Report. A resolution to appoint Johnston Carmichael LLP as the Company's Auditor will be proposed at the Annual General Meeting.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will take place at 12 noon on Thursday 21 November 2024 at abrdn's office at 1 George Street, Edinburgh EH2 2LL. The meeting will include a presentation from the Investment Manager and will be followed by lunch. This is a good opportunity for shareholders to meet the Board and Manager and we would encourage you to attend. The Notice of the Meeting is contained on pages 111 to 116.

Shareholders will be able to submit questions in advance of the AGM at the following email address: **uksmallercompaniesgrowth@abrdn.com**. Should you be unable to attend the AGM, the Investment Manager's presentation will be made available on the Company's website shortly after the meeting. The results of the AGM will also be published on the Company's website.

"The Company's AGM will take place at 12 noon on Thursday 21 November 2024 at 1 George Street, Edinburgh EH2 2LL. This is a good opportunity for shareholders to meet the Board and Manager and we would encourage you to attend."

At the meeting, rather than asking shareholders to vote on the resolutions by a show of hands, as we have done in previous years, voting will be conducted by a poll. This practice has increasingly been adopted by public companies and we consider that it is now best practice in corporate governance.

In the meantime, the Board strongly encourages all shareholders to exercise their votes in respect of the AGM in advance of the meeting, and to appoint the Chairman of the meeting as their proxy, by completing the enclosed form of proxy form. This will ensure that your votes are registered.

Outlook

This time last year, I wrote about concerns surrounding high rates of inflation and the level of interest rates. Roll forward 12 months and we have seen inflation fall and market conditions for UK smaller companies improve. Rachel Reeves, the Chancellor of the Exchequer, sees growth as UK's national mission, however investors are still unsure of the actions likely from Sir Keir Starmer's government following the landslide victory in July. Markets wait to see how conflicting positions on budgetary possibilities and growth agendas are reconciled and whether cutting costs or promoting growth will take precedence.

At the same time, the forthcoming US Presidential elections have been shaken up by the decision of President Biden not to stand and to back the campaign of his Vice President, Kamala Harris. While we should end 2024 with better visibility as to the political direction of travel, given that over half the world's population will not have to visit the ballot box for a number of years, the same cannot be said about the geopolitical landscape, with the continuing war in Ukraine and the threat of an escalating conflict in Gaza and the Middle East. The UK, in a global context, looks reassuringly well positioned, given economic data, employment rates, manageable inflation levels, and levers on interest rates to use.

The future is by its very nature uncertain, but the Board has been pleased by the manner in which the Investment Manager has managed the portfolio and navigated the challenges in the last 12 months. The focus remains on the resilience of the companies in which the portfolio is invested and the experience and flexibility of the management teams to adapt their companies to the changes to the economic environment that are occurring. At the same time, the Investment Manager continues to see opportunities within the universe of UK smaller companies - there remains significant catching up to do with respect to where smaller company valuations sit relative to their long-term average and to large caps. As a consequence, despite areas of uncertainty remaining as always, there remains cause for optimism in the sector generally and the Company specifically.

Liz Airey
Chairman
4 September 2024

Overview
Strategic Report
Portfolio
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Financial Statements
Corporate Information
General

Overview of Strategy

Business

The Company is an investment trust and its Ordinary shares are listed on the London Stock Exchange.

Investment Objective

The Company's objective is to achieve long-term capital growth by investment in UK-quoted smaller companies.

Investment Policy

The Company intends to achieve its investment objective by investing in a diversified portfolio consisting mainly of UK-quoted smaller companies. The portfolio will normally comprise between 50-60 holdings representing the Investment Manager's highest conviction investment ideas. In order to reduce risk in the Company without compromising flexibility, no holding within the portfolio should exceed 5% of total assets at the time of acquisition.

The Company may use derivatives for portfolio hedging purposes (i.e. only for the purpose of reducing, transferring or eliminating the investment risks in its investments in order to protect the Company's portfolio).

Within the Company's Articles of Association, the maximum level of gearing is 100% of net assets. The Directors have set parameters of between 5% net cash and 25% net gearing (at the time of drawdown) for the level of gearing that can be employed in normal market conditions. The Directors have delegated responsibility to the Investment Manager for the operation of the gearing level within the above parameters.

Board Investment Limits

The Directors have set additional guidelines in order to reduce the risk borne by the portfolio:

- Companies with a market capitalisation of below £50 million should not represent more than 5% of total assets.
- Companies involved in "Blue Sky" products (see definition on page 103) should not represent more than 5% of total assets.
- No more than 50% of the portfolio should be invested in companies that are constituents of the FTSE AIM All-Share Index.

Investment Process

The Investment Manager's investment process combines asset allocation, stock selection, portfolio construction, risk management, and dealing. The investment process has evolved out of the Investment Manager's 'Focus on Change' philosophy and is led by Quality, Growth and Momentum. The Investment Manager's stock selection led investment process involves compiling a shortlist of potential investments using a proprietary screening tool known as "The Matrix" which reflects Quality, Growth and Momentum based factor analysis. The final portfolio is the result of intensive research and includes face to face meetings with senior management of these potential investments. This disciplined process has been employed for many years and has delivered strong long term performance.

Further information on the investment process is contained on pages 32 to 34.

Reference Index

The Company's reference index is the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index.

Delivering the Investment Objective

The Directors are responsible for determining the Company's investment objective and investment policy. Day-to-day management of the Company's assets has been delegated, via the Alternative Investment Fund Manager (the "AIFM"), to the Investment Manager.

Promoting the Success of the Company

The Board's statement on pages 20 to 23 describes how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 and how they have promoted the success of the Company for the benefit of the members as a whole.

The Board believes that the success of the Company is best served through the measurement of Key Performance Indicators ("KPIs"), details of which are included below.

Key Performance Indicators ("KPIs")

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

KPI	Description
Net asset value ("NAV") total return performance	The Board measures the Company's NAV total return performance against the total return of the reference index (the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index) and its peer group of investment trusts. The figures for this year and for the past three, five and ten years are shown in the table on page 24.
Share price total return performance	The Board measures the Company's share price total return performance against the total return of the reference index and its peer group of investment trusts. The figures for this year and for the past three, five and ten years are shown in the table on page 24.
Discount/premium to NAV	The Board compares the discount or premium of the Ordinary share price to the NAV per share to the discount of the peer group and also to the threshold of the Company's discount target on a rolling 12 month basis. A summary of the discount for the past ten years is included in the table in page 25. A chart showing the discount over five years for the Company and the peer group, measured against the discount target level, is shown in page 25. The average discount for the year as a whole was 12.9%.
Ongoing charges	The Board monitors the Company's ongoing charges ratio against prior years and other similar sized companies in the peer group. A summary of the ongoing charges ratio ("OCR") for the past ten years is included in the table in page 25. The OCR for the year ended 30 June 2024 was 0.92% (2023: 0.95%).

Overview of Strategy

Continued

Principal and Emerging Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also considers emerging risks which might affect the Company. During the year, the most significant risks were inflation and high interest rates and the resultant volatility that this has created in global stock markets. In addition, the continuing conflicts in Ukraine and the Middle East have further increased market risk and volatility.

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

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

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

In terms of its appetite for risk, the Board has identified what it considers to be the key risks to which the Company is exposed and seeks to take a proportionate approach to the control of these risks. In particular, by considering the likelihood and impact of a specific risk, if the potential exposure is rated as Critical or Significant, the Board ensures that significant mitigation is in place to reduce the likelihood of occurrence whilst recognising that this may not be possible in all cases.

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

Risk	Trend	Mitigating Action
Strategy – the Company's objectives or the investment trust sector as a whole become unattractive to investors, or the Company becomes uncompetitive (including its size and costs), leading to a fall in demand for the Company's shares.	⇔	Through regular updates from the Manager, the Board monitors the discount/ premium at which the Company's shares trade relative to the NAV (further information included in "Share price" below). It also holds an annual strategy meeting and receives feedback from the Company's Stockbroker and shareholders and updates from the Manager's investor relations team at Board meetings.
Investment performance – the appointment or continuing appointment of an investment manager with inadequate resources, skills or experience, the investment style or process being out of favour, or the adoption of inappropriate strategies in pursuit of the Company's objectives, could result in poor investment performance, a loss of value for shareholders and a widening discount.	⇔	The Board meets the Manager on a regular basis and keeps investment performance under close review. Representatives of the Investment Manager attend all Board meetings and a detailed formal appraisal of the Manager is carried out by the Management Engagement Committee on an annual basis. The Board sets and monitors the investment restrictions and guidelines and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process, ESG matters, risk management and application of the investment guidelines.

Risk	Trend	Mitigating Action
Key person risk – a change in the key personnel involved in the investment management of the portfolio could impact on future investment performance and lead to loss of investor confidence.	⇔	The Board discusses key person risk and succession planning with the Manager on a regular basis. The Investment Manager employs a standardised investment process for the management of the portfolio. The well-resourced smaller companies team has grown in size over a number of years. These factors mitigate against the impact of the departure of any one member of the investment team. Biographies of the team members involved with the management of the Company's portfolio are included on page 100.
Share price – failure to manage the discount effectively or an inappropriate marketing strategy could lead to a fall in the share price relative to the NAV per share.	⇔	The Company operates a discount control mechanism and aims to maintain a discount level of less than 8% to the cum-income NAV under normal market conditions. Details of the discount control mechanism are contained on page 18. The Directors undertake a programme of inviting major shareholders to discuss issues of governance or strategy with the Chairman or Senior Independent Director. In addition, the Company participates in the Manager's investment trust promotional programme where the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.
Financial instruments – insufficient oversight or controls over financial risks, including market price risk, liquidity risk and credit risk could result in losses to the Company.	⇔	As stated above, the Board sets investment guidelines and restrictions which are reviewed regularly and the Manager reports on compliance with them at Board meetings. Further details of the Company's financial instruments and risk management are included in note 16 to the financial statements.
Financial obligations – inadequate controls over financial record keeping and forecasting, the setting of an inappropriate gearing strategy or the breaching of loan covenants could result in the Company being unable to meet its financial obligations, losses to the Company and impact its ability to continue trading as a going concern.	⇔	At each Board meeting, the Board reviews management accounts and receives a report from the Administrator, detailing any breaches in the internal controls during the period under review. The Board sets gearing limits and monitors the level of gearing and compliance with the main financial covenants at Board meetings. The Audit Committee meets representatives from the Manager's Compliance and Internal Audit teams on at least an annual basis and discusses any findings and recommendations relevant to the Company.
Regulatory – failure to comply with relevant laws and regulations could result in fines, loss of reputation and potential loss of investment trust status.	⇔	The Board receives updates on relevant changes in regulation from the Manager, industry bodies and external advisers and the Board and Audit Committee monitor compliance with regulations by review of checklists and internal control reports from the Manager. Directors keep up to date in a variety of ways, including attendance at training courses and seminars.

Overview of Strategy

Continued

Risk	Trend	Mitigating Action
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular those of the Manager and the Depositary) and any control failures and gaps in their systems and services could result in a loss or damage to the Company.	⇔	The Audit Committee reviews reports from the Manager on its internal controls and risk management (including an annual ISAE Report) and considers assurances from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. Written agreements are in place with all third party service providers. The Audit Committee meets representatives from the Manager's Compliance and Internal Audit teams on at least an annual basis and discusses any findings and recommendations relevant to the Company. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings and key performance indicators, and provides periodic updates to the Board on this work. A formal appraisal of the Company's main third party service providers is carried out by the Management Engagement Committee on an annual basis.
Geopolitical – the effects of geopolitical instability or change could have an adverse impact on stock markets and the value of the Company's investment portfolio.	↗	Current geopolitical risks include the conflicts in Ukraine and the Middle East and the actions taken by governments in relation to climate change. They also include the impact of inflation and higher interest rates, and the potential impact on investors of tax changes in the UK. The Investment Manager's focus on quality companies, the diversified nature of the portfolio and a managed level of gearing all serve to provide a degree of protection in times of market volatility.

Geopolitical risk is heightened due principally to the increased market risk caused by the continuing conflicts in Ukraine and the Middle East and also the potential impact on investors of tax changes in the UK.

Promotional Activities

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

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

The cost to the Company of participating in these programmes is matched by the Manager through the provision of the necessary resources to carry out the marketing and promotional activities.

Employees and Human Rights

The Company has no employees as the Board has delegated the day to day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees or human rights.

Modern Slavery Act

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

Environmental, Social and Governance ("ESG") Matters

The Investment Manager's approach to ESG matters is included on page 34. It should be noted that the Company does not have a sustainability objective and does not promote any sustainability characteristics.

The UK Stewardship Code and Proxy Voting

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

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

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' Reports) Regulations 2013.

Overview of Strategy

Continued

Task Force for Climate-Related financial Disclosures ("TCFD")

Under Listing Rule 11.4.22(R), the Company, as a closed ended investment company, is exempt from complying with the Task Force on Climate-related Financial Disclosures ("TCFD").

Whilst TCFD is currently not applicable to the Company, the Manager has produced a product level report on the Company in accordance with the FCA's rules and guidance regarding the disclosure of climate-related financial information consistent with TCFD Recommendations and Recommended Disclosures. These disclosures are intended to help meet the information needs of market participants, including institutional clients and consumers of financial products, in relation to the climate-related impact and risks of the Manager's TCFD in-scope business. The product level report on the Company is available on its website.

Discount Control Policy

The Board operates a discount control mechanism which targets a maximum discount of the share price to the cum-income net asset value of 8% under normal market conditions. In pursuit of this objective, the Board closely monitors the level of the discount and buys back shares in the market when it believes it is in the best interests of shareholders as a whole to do so. At each Annual General Meeting, the Board seeks shareholder approval to buy back up to 14.99% of the Company's share capital. Share buy-backs will only be made where the Board believes it to be in the best interests of shareholders as a whole and the making and timing of share buy-backs will be at the discretion of the Board.

The Board considers that, given the backdrop has continued to be unfavourable for the UK smaller companies sector as a whole, evidenced by outflows in the open ended sector, it is to be expected that the Company would face discount pressure in common with most of the peer group. Whilst the Board takes into account the wider investment trust sector discount levels when implementing its discount control mechanism, it remains committed to its long term target of 8% and will continue to be active in the market when it believes it to be in the best interests of shareholders.

The Company has a tender offer mechanism in place and the Board intends to continue to seek shareholder approval at each Annual General Meeting to enable it to carry out tender offers on a discretionary basis in circumstances where the Board believes that share buy-backs are not sufficient to maintain the discount at an appropriate level, although it expects that buy-backs should be the primary mechanism for managing the discount.

Viability Statement

The Board considers that the Company, which does not have a fixed life, is a long-term investment vehicle and, for the purposes of this statement, has decided that five years is an appropriate period over which to consider its viability. The Board considers that this period reflects a balance between looking out over a long-term horizon and the inherent uncertainties of looking out further than five years.

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

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

- The principal risks and uncertainties detailed on pages 14 to 16 and the steps taken to mitigate these risks, together with the emerging risks identified by the Board.
- The Company is invested in listed securities that are readily-realisable in normal market conditions and there is a spread of investments held across a diversified range of sectors.
- The Company is closed ended in nature and therefore it is not required to sell investments when shareholders wish to sell their shares.
- The level of share buy backs undertaken by the Company.
- The Company's long-term performance record as shown on page 24.

- The Company's level of gearing. The Company had net gearing of 5.8% as at 30 June 2024. The Company has a £40 million unsecured loan facility agreement with The Royal Bank of Scotland International Limited which expires on 1 November 2025. The Board has set overall limits for borrowing and reviews regularly the Company's level of gearing, cash flow projections and compliance with banking covenants. The Board has also performed stress testing and liquidity analysis. In the event that the facility is not refinanced, there is considered to be sufficient portfolio liquidity to enable borrowings to be repaid.
- The Company has cash and money market funds which at 30 June 2024 amounted to £15.9 million. These balances allow the Company to meet liabilities as they fall due.
- The level of ongoing charges.
- There are no capital commitments currently foreseen that would alter the Board's view.
- The robustness of the operations of the Company's third party service suppliers.

The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year and considered the Company's Statement of Financial Position as at 30 June 2024 which shows net current liabilities of £23.6 million at that date, and do not consider this to be a concern due to the liquidity of the portfolio which would enable the Company to meet any short-term liabilities if required.

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

In making its assessment, the Board is also aware that there are other matters that could have an impact on the Company's prospects or viability in the future, including the conflicts in Ukraine and the Middle East, economic shocks or significant stock market volatility caused by other factors, and changes in regulation or investor sentiment.

Future Strategy

The Board intends to maintain the strategic direction set out in the Strategic Report for the year ending 30 June 2025 as it believes that this is in the best interests of shareholders.

On behalf of the Board
Liz Airey
Chairman
4 September2024

Promoting the Success of the Company

Introduction

Section 172 (1) of the Companies Act 2006 (the "Act") requires each Director to act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

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

The Purpose of the Company and Role of the Board

The purpose of the Company is to act as an investment vehicle to provide, over time, financial returns (both income and capital) to its shareholders. Investment trusts, such as the Company, are long-term investment vehicles and are typically externally managed, have no employees, and are overseen by an independent non-executive board of directors.

The Board, which at the end of the year, comprised five independent non-executive Directors with a broad range of skills and experience across all major functions that affect the Company, retains responsibility for taking all decisions relating to the Company's investment objective and policy, gearing, corporate governance and strategy, and for monitoring the performance of the Company's service providers.

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager and Investment Manager operate at its meetings and receives regular reporting and feedback from the other key service providers. The Board is very conscious of the ways it promotes the Company's culture and ensures as part of its regular oversight that the integrity of the Company's affairs is foremost in the way that the activities are managed and promoted. The Board works very closely with the Manager and Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

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

How the Board Engages with Stakeholders

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

Stakeholder	How We Engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly to all shareholders. The Manager and Company's Stockbroker regularly meet with current and prospective shareholders to discuss performance and shareholder feedback is discussed by the Directors at Board meetings. Directors meet shareholders at the Annual General Meeting and the Chairman offers to meet with the Company's larger shareholders to discuss their views. In addition, during the year the Board held an online shareholder presentation at which shareholders had the opportunity to ask questions of the Chairman and Investment Manager. The Company subscribes to the Manager's investor relations programme in order to maintain communication channels with the Company's shareholder base. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, Company announcements, including daily net asset value announcements, and the Company's website. The Company's Annual General Meeting provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. The Board encourages shareholders to attend the Company's Annual General Meeting and to provide feedback on the Company.
Manager (and Investment Manager)	The Investment Manager's Review on pages 26 to 31 details the key investment decisions taken during the year. The Investment Manager has continued to manage the portfolio and other assets in accordance with the mandate agreed with the Company, with oversight provided by the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Manager (and Investment Manager) at least annually. More details are provided on page 54.
Service Providers	The Board seeks to maintain constructive relationships with the Company's service providers either directly or through the Manager with regular communications and meetings. The Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations, carrying out their responsibilities and providing value for money.

Promoting the Success of the Company

Continued

Investee Companies	Responsibility for monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. Further details are provided on page 17. The Board monitors investments made and divested and questions the rationale for investment and voting decisions made.
Debt Providers	On behalf of the Company, the Manager maintains a positive working relationship with The Royal Bank of Scotland International Limited, the provider of the Company's loan facility, and provides regular updates on business activity and compliance with its loan covenants.
Environment and Community	The Board and Investment Manager are committed to investing in a responsible manner and the Investment Manager considers Environmental, Social and Governance ("ESG") factors as part of the investment decision-making process. Further details are provided on page 34.

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not a new requirement, and is considered during every significant Board decision, the Directors were particularly mindful of stakeholder considerations as part of the following decisions made during the year ended 30 June 2024. Each of these decisions was made after taking into account the short and long-term benefits for stakeholders.

Portfolio and Investment Performance

The Investment Manager's Review on pages 26 to 31 details the key investment decisions taken during the year. The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective and is reviewed at every Board meeting.

As explained in more detail on page 54, during the year the Management Engagement Committee decided that the continuing appointment of the Manager is in the best interests of shareholders.

Management Fee

During the previous year, the Board considered that the existing structure of fees paid to the Manager made the Company insufficiently competitive relative to its closest peers. Accordingly, the Board negotiated a lower fee structure with the Manager which the Board considers is more competitive when compared to the other similar investment trusts in the sector. The new fee structure became effective on 1 July 2023 and is set out in detail on page 49.

Dividends

The Board is recommending payment of a final dividend for the year of 8.3p per Ordinary share. Following payment of the final dividend, total dividends for the year will amount to 12.0p per Ordinary share, an increase of 9.1% compared to the previous year. Although the Company has a capital growth objective, the Board recognises the importance of dividends to shareholders.

Share Buy Backs

In accordance with the discount control policy included on page 18, during the year the Company bought back 14.1 million Ordinary shares to be held in treasury, providing an accretion to the NAV per share and a degree of liquidity to the market at times when the discount to the NAV per share has widened in normal market conditions. It is the view of the Board that this policy is in the interest of all shareholders.

Shareholder Engagement

During the year, the Board met shareholders at the AGM. The AGM was held in London in 2023 and will be held in Edinburgh this year.

To encourage and promote stronger interaction and engagement with the Company's shareholders, the Board also held an interactive online shareholder presentation in May. At the presentation, shareholders received updates from the Chairman and Investment Manager and there was the opportunity for an interactive question and answer session.

The Board considers that it is very important to maintain an ongoing dialogue with shareholders to properly understand their views and to communicate the actions of the Board.

Consumer Duty

During the previous year, the FCA's Consumer Duty Regulations came into effect, introducing new rules for FCA regulated firms which manufacture or distribute products and services to retail customers. The Consumer Duty rules do not apply to the Company but do apply to the Manager.

During the year, the Board continued to review the methodology employed by the Manager to assess value of the Company under the Consumer Duty regulations and will formally review the Manager's assessment of value on an ongoing basis.

On behalf of the Board
Liz Airey
Chairman
4 September 2024

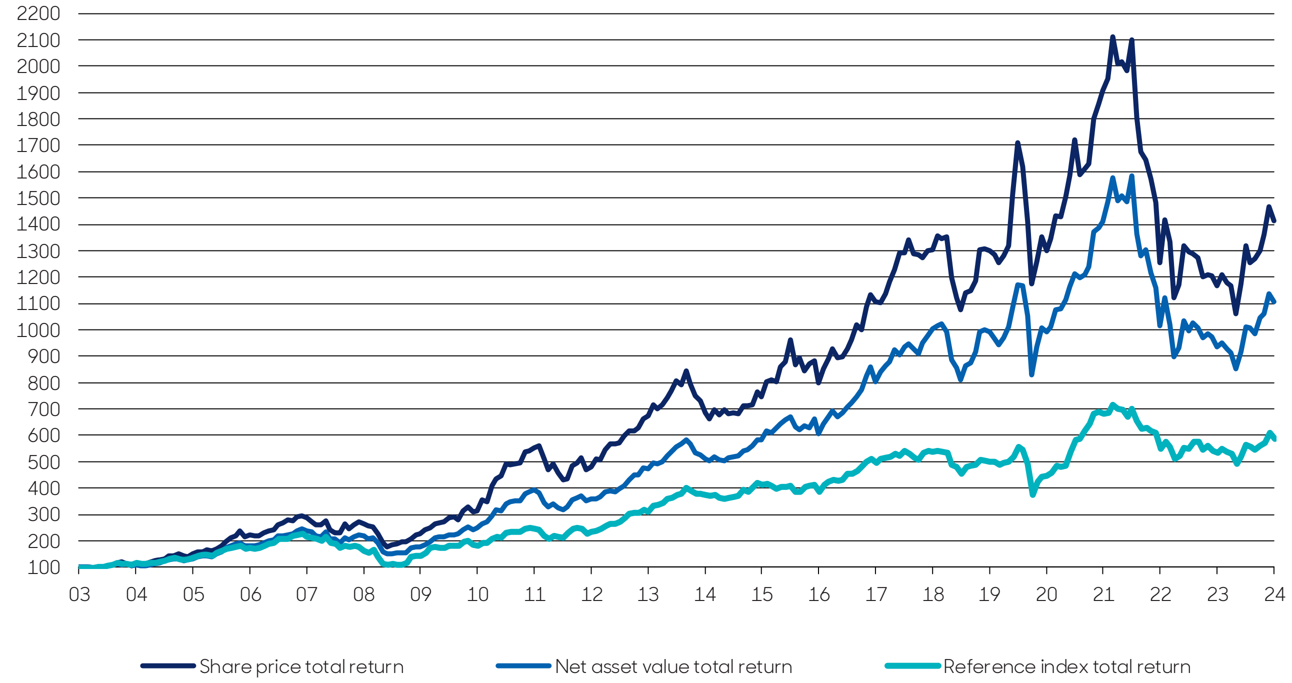
Performance

Performance (total return)

	1 year return %	3 years return %	5 years return %	10 years return %
Net asset value[AB]	+18.1	–20.5	+12.3	+118.2
Share price[B]	+21.0	–26.0	+8.6	+105.9
Reference Index[C]	+10.0	–13.5	+17.6	+57.6
Peer Group weighted average (NAV)	+16.8	–8.8	+27.4	+94.8
Peer Group weighted average (share price)	+19.0	–13.1	+25.9	+104.8

[A] Cum-income NAV with debt at fair value.
[B] Considered to be an Alternative Performance Measure (see pages 97 and 98).
[C] Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index.
Source: Morningstar

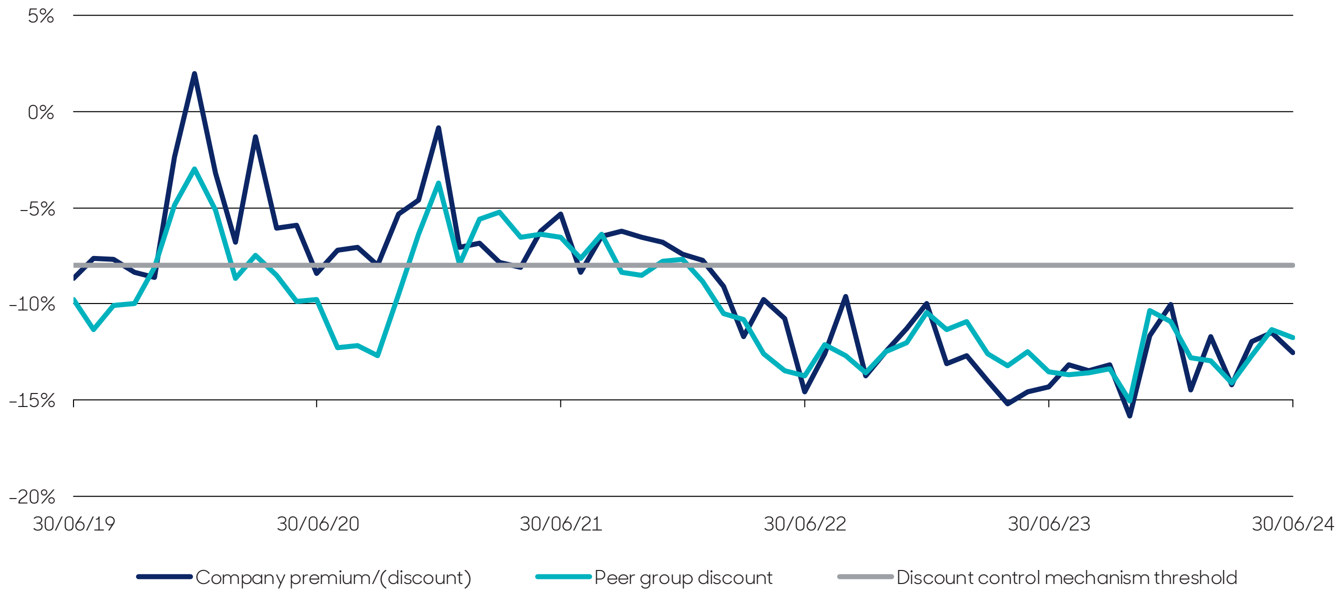
Long Term Total return of NAV v Share Price v Reference Index (rebased to 100 at 31 August 2003)



Source: Refinitiv Datastream

Premium/(discount) of Share Price to NAV v Peer Group

Five years ended 30 June 2024



Source: Refinitiv Datastream

Ten Year Financial Record

Year to 30 June	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Per Ordinary share (p)										
Net revenue return	6.76	6.76	6.42	7.24	8.80	6.74	6.43	9.07	12.44	**13.12**
Ordinary dividends paid/proposed	5.80	6.60	6.70	7.00	7.70	7.70	7.70	8.10	11.00	**12.00**
Net asset value[A]	336.89	345.43	456.60	552.93	539.54	527.73	737.97	530.37	482.95	**556.19**
Share price	300.00	316.00	431.00	500.00	491.50	482.00	698.00	453.00	414.00	**486.50**
Discount(%)[A]	10.9	8.5	5.6	9.6	8.9	8.7	5.4	14.6	14.3	**12.5**
Ongoing charges ratio (%)[B]	1.19	1.13	1.08	1.04	0.90	0.91	0.88	0.82	0.95	**0.92**
Gearing ratio (%)[C]	4.1	3.6	1.7	3.6	1.5	(0.34)	5.7	5.1	2.5	**5.8**
Shareholders' funds (£m)[D]	243	241	324	408	543	528	728	499	427	**413**
Revenue reserves (£m)[E]	5.83	6.50	6.26	8.30	10.87	8.80	7.53	8.81	12.47	**13.53**

[A] Calculated with debt at par value and diluted for the effect of Convertible Unsecured Loan Stock conversion from 01 July 2013 until 30 June 2017. From 30 June 2018, net asset value is calculated with debt at par value.

[B] Calculated as an average of shareholders' funds throughout the year and in accordance with updated AIC guidance issued in October 2020, to include the Company's share of costs of holdings in investment companies on a look-through basis.

[C] Net gearing ratio calculated as debt less cash invested in AAA-rated money market funds and short-term deposits divided by net assets at the year end.

[D] Increase in 2018 included the effect of the merger with Dunedin Smaller Companies Investment Trust PLC.

[E] Revenue reserves are reported prior to paying the final dividend for the year.

Investment Manager's Review

The net asset value ("NAV") total return of the Company for the year ended 30 June 2024 was 18.1%, while the share price total return was 21.0%. By comparison, the UK smaller companies sector as represented by the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index (the "reference index") delivered a total return of 10.0%.

Equity Markets

During the year under review, markets proved healthier after a challenging two years. The top-down pressure of inflation came under control in the UK and other regions although, relative to expectations, it is worth noting that interest rates have remained higher for longer.

The UK stock market, as represented by the FTSE All-Share Index, performed strongly over the period, with a total return of 13.0%. The FTSE 100 Index's total return of 12.8% underperformed the FTSE 250 Index, the latter of which generated a total return of 13.9%. The mid cap universe was therefore the best performing group within the UK, outperforming the reference index. The FTSE AIM Index was the laggard, delivering just a 3.4% return. Investors continued to remain cautious about the UK economic picture, however the GDP data was somewhat reassuring and, relative to other major economies in Europe, the UK held up well.

The only real interruption to the performance of the UK market was during September and October 2023. However, the sharp rebound from the October lows has delivered a fairly smooth positive return pathway since then. UK consumer spending has improved given that inflation has receded from its peak and wage growth remains positive. However, many households continue to have the burden of higher mortgage rates or rental costs. The domestic labour market has remained resilient, with employment levels high, and good job availability across a number of sectors.

The period was dominated by the inflation and interest rate picture, with inflation subsiding steadily over the period, with some visible steps down in areas such as energy prices and food. Along with other major economies such as the US, interest rates in the UK have remained at higher levels for longer than many economists projected.

Geopolitical tensions remained an ongoing theme during the period; the continuation of the war in Ukraine, the heightened conflict in Israel since October, as well as ongoing issues surrounding relations between China and the West. As we move through the second half of 2024, the outlook is impacted by the various major elections globally, with well over half of the world's population expected to be going to the polls during 2024. As always, the US Presidential Election is the highest profile and is only two months away. However, as the voting in some international geographies has already completed, we have seen increased levels of uncertainty and markets have experienced increased volatility in some regions.

"Economists and strategists have noticeably turned more positive on both the UK and small and mid cap sectors. Attractive valuations have been a key aspect of their investment case, combined with strong resilience in earnings across company reporting."

Economists and strategists have noticeably turned more positive on both the UK and small and mid cap sectors through the final quarter of the financial year. Attractive valuations have been a key aspect of their investment case, combined with strong resilience in earnings across company reporting. It should not be forgotten that, even in the smaller companies space, around half the revenue of the reference index is generated overseas. With allocations to the UK and to smaller companies having shrunk over the years, particularly from UK pension funds, that series of outflows has stabilised and is showing tentative signs of reversal. With many starting positions at all-time lows, the more positive view on the asset class could help to drive markets higher.

Mergers and Acquisitions ("M&A") have continued to be a strong feature of UK markets, not just in the smaller companies sector. As the period progressed, we saw an increased proportion of the bids being for FTSE 250 and FTSE 100 companies. Initially this started as a dominance of private equity bidders but has broadened out in 2024 to include many bids from corporate buyers. Whilst this has created some headline concerns around shrinkage in the UK market, we are seeing attractive premiums in these bid situations, delivering good returns for shareholders. The average bid premium in UK in the first half of 2024 was 40%. There has been a lot of overseas appetite in deals, representing about 60% in the first six months of 2024. We have also seen an increase in IPO activity, which over time should generate fresh companies in our investable universe.

One final point to highlight is the increasing pressure to introduce changes to stimulate the market, whether it be through stamp duty changes, lower costs of listing, lighter regulation, or more control over asset class allocations. We are confident these voices are now being heard, but we will have to wait and see what is implemented and the time horizon of these policies.

Performance

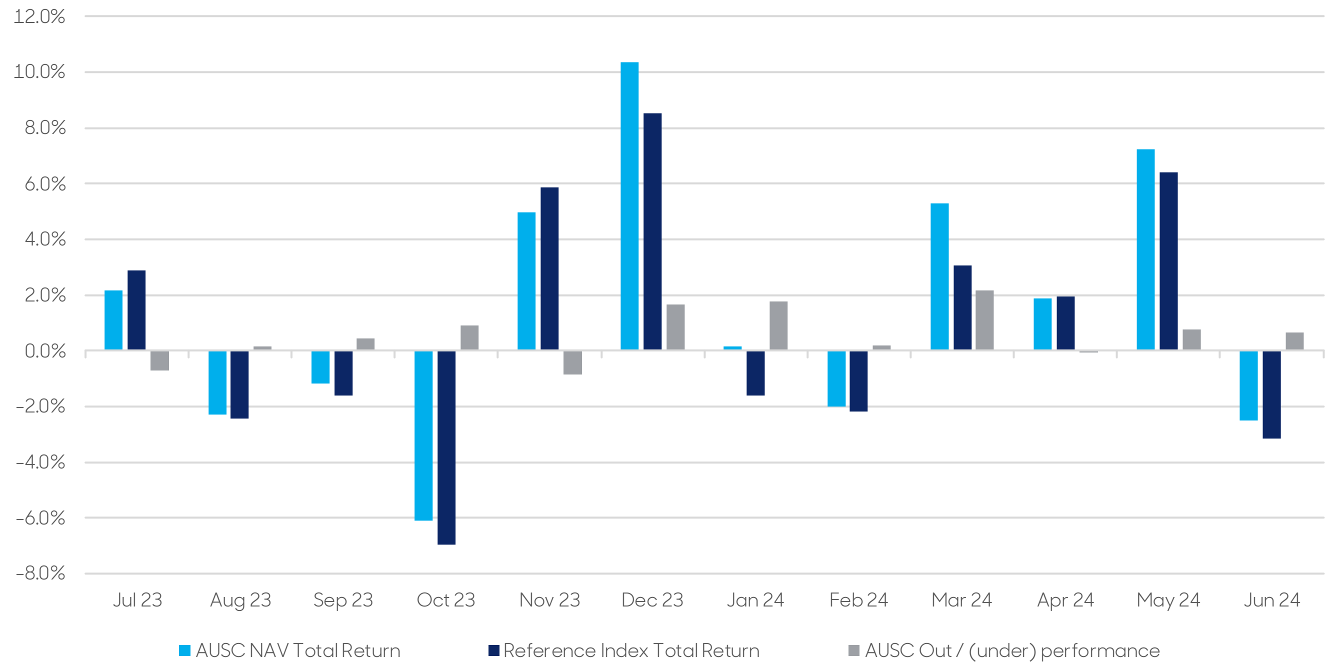
Overall through the year, the net asset value ("NAV") grew by 18.1% on a total return basis, outperforming the reference index total return of 10.0%.

The more stable backdrop we have been waiting for did materialise this year and the focus of the markets reverted to stock specifics and reporting, rather than being dominated by top-down factors. The consistency of outperformance has been one of the most pleasing aspects for us, as portfolio managers, this year; the Company outperforming the reference index in 9 of the 12 months (only July 2023, Nov 2023 and April 2024 delivering relative underperformance).

The style factors driving markets, such as either growth stocks or value stocks being in favour, has been more settled this period. Value outperformed growth in the first half of the period, but value and growth both delivered similar returns in the market in the second half. We would characterise style factors as a slight headwind to our strategy during the period, but neutralising as we finished the year. Performance has predominantly been driven by stock specifics, companies reporting strong trading and earnings upgrades, with share prices responding appropriately, which is a distinct improvement on the situation over the last couple of years. Attribution and style analysis show that the outperformance has been driven by stock selection, rather than our style of Quality, Growth & Momentum being in favour.

Whilst we saw four successful bids for companies in the portfolio during the year, all at attractive premiums, this has not been the main driver of performance. These companies were **Ergomed, Smart Metering Systems, Mattioli Woods,** and **Spirent**. Overall, those four companies contributed 198 bps of relative performance during the year.

Performance of the Company and Reference Index (Monthly)



Source: Refinitiv Datastream.

Investment Manager's Review

Continued

The five leading positive contributors to relative performance during the year were as follows (the year end portfolio weightings are included on pages 37 and 38):

- **Ashtead Technology** +153bps (share price performance +104% since purchase) The company was a new addition to the portfolio during the year and has delivered very strong performance. The management team has displayed a strong track record of upgrading earnings, from both organic outperformance and acquisitions since the IPO in late 2021. The business has benefitted from supportive end markets in oil and gas, and the green energy transition driving investment in renewables. Visibility is aided by strong customer backlogs, and we continue to see increased customer propensity to rent. The company generates strong free cash flow which the management team is re-investing into the business, and balance sheet strength provides scope for further M&A.
- **Ergomed** +102ps (+36%) The shares contributed to performance following the recommended offer from Permira, the European private equity firm, at an attractive all-cash price of £13.50 per share.
- **Diploma** +98bps (+39%) features in the top 5 contributors again this year, further highlighting its long-term track record. The share price has been driven by ongoing delivery of the growth strategy, with acquisitions that position Diploma behind structurally growing end markets, deepening penetration of its regions, and extending product ranges.
- **Cranswick** +85bps (+37%) has a long track record for delivering growth, evidenced by its 34-year unbroken dividend growth history. Over time, the company has broadened its core protein focus, created new consumer categories and developed an exemplary reputation with customers. The long-term success is underpinned by the company's focus on achieving "carcase value maximisation", requiring a constant understanding of consumer trends and customer needs, and an ability to invest to provide capacity and maintain its industry-leading position in efficiency.
- **Hilton Food Group** +85bps (+44%) has redeemed itself after being a bottom 5 contributor last year. Hilton is very much back on track of consistency of delivering, and its market position reaffirmed by the work it did with customers after the inflationary challenges in 2022. Over the past year, its organic execution has been strong, and the shares have been buoyed by the announcement of new customer wins, including Walmart in Canada.

The five weakest contributors to relative performance during the year were as follows (the year end portfolio weightings are included on pages 37 and 38):

- **CVS Group** -130bp (-49%) The share price was hit badly by the Competition Markets Authority ("CMA") announcement of a review into the veterinary industry- focusing on price, consumer visibility and branding. We expect the outcomes to be manageable for CVS and have retained the position. Whilst CVS's Australian business is progressing well and UK trading has been resilient, the CMA review places a near term cap on the share price.
- **Big Technologies** -115bps (-44%) Performance has been lacklustre, with a lack of big wins and one contract loss, impacting sentiment. Underlying growth and new contract wins should help offset that, but nearer term the business is in a no growth scenario. We continue to have a holding.
- **XP Power** -75bps (-25%) Despite management's confidence that the business could trade out of a high net debt position, XP Power then issued a profit warning. Having had a series of disappointments, our confidence in the management team diminished. The balance sheet was strained and an equity issue looked necessary. Together with earnings downgrades, the proposition deteriorated and we exited the position.
- **Team17** -72bps (-24%) The gaming industry has had a challenging period. While demand dynamics remain attractive, industry-wide unreleased content backlogs, inflation in intellectual property and content costs and competition for gaming hours have led to pressure across the sector. With a change in management and a longer than expected continuation of a challenging environment, we exited the position.
- **discoverIE** -72bps (-20%) The shares suffered during the period from ongoing cyclical weakness impacting forecasts. Management has worked hard to protect margins, through a combination of pricing resilience, tight cost control and margin accretive M&A, but the end market weakness has weighed on the shares, and there has been less opportunity to acquire businesses given the higher interest rate environment. We continue to hold the shares, but have reduced our exposure.

Dealing and Activity

Portfolio turnover was around 28%, which is higher than has been the case in recent years. This is reflective of where we are in the cycle and changing fortunes of companies. Over the year, we added 13 new positions, and exited 18 holdings. We took part in one IPO, **Raspberry Pi.**

Raspberry Pi makes single board computers and has sold 60 million units in just over a decade. It is a founder-run business, having been created as part of the Raspberry Pi Foundation (its largest shareholder prior to listing) which focused on driving the interest of Science, Technology Engineering and Maths ("STEM") subjects to children. Its products are used not just by the educational and enthusiast markets, but across industrial applications where they are embedded in products, such as for operating lifts or for automating manufacturing lines in factories. The company has significant intellectual property ("IP") which helps create barriers to entry, as well as being able to deliver attractive margins whilst keeping prices low. We believe this will be a unique listed asset within the UK market.

Ashtead Technology is a subsea equipment rental business within oil and gas and renewables markets globally, whilst **Hunting** is an oil services business also with global exposures. **XPS Pensions,** a pensions advisory, administrative and actuarial business, has been a strong performer and is now one of the top holdings in the portfolio. **Premier Foods** (branded food products) has vastly improved in recent years and becoming unshackled from its pension liabilities is investing in proposition and brand. **Johnson Service** is a textile rental business, emerging from Covid in a strong market position. **Cairn Homes**, the Irish housebuilder, is operating in healthier markets and with government support for the industry and its business. **Clarkson** is a global leading shipbroker, whilst **Boku** is a global mobile payment solutions business with blue chip customers. **Renew Holdings** is a provider of essential engineering services for critical infrastructure, and **Volex** is a manufacturing specialist for power products. **Jet2** (the only company that had previously been held in the portfolio) is the package holiday business, which also sells flights only, which has emerged from Covid with a strong balance sheet, investing for growth, and with loyal repeat customers. Lastly, **Chemring** is a market leader in countermeasures, sensory and logistics for defence, as well as having a strong cyber business, Roke.

Of the 18 holdings exited over the period, four were companies which were subject to takeover activity; **Spirent** (testing and solution for networks), **Mattioli Woods** (financial services with focus on wealth management), **Smart Metering Systems** (residential utilities metering services, and grid battery storage), and finally **Ergomed** (clinical research). Elsewhere, many of our exits were characterised by businesses which were experiencing cyclical slowdowns and the recovery had become protracted and with limited visibility. These included **FDM** (specialist people resource), **Impax** (sustainable investment), **Marshalls** (landscaping products), **Focusrite** (hardware for content production), **GB Group** (identity verification and fraud detection), **Team 17** (video games), **Kainos** (digitisation programs), **Henry Boot** (land and property development), **Future** (specialist media platform), **Motorpoint** (second hand car sales), **Safestore** (self-storage), **Serica** (oil and gas production), **XP Power** (electronics components for power products) and **Watches of Switzerland** (premium watches and jewellery).

"Over the year, we added 13 new positions, and exited 18 holdings. We took part in one IPO."

Notable top ups during the year include **Tatton Asset Management** which has grown assets significantly, and **Alpha Group** (previously called Alpha FX) where its expansion into alternative banking solutions has been executed well. We also topped up **AJ Bell** which has been showing strong trading and growth, **Volution** which has proved resilient through volatile end markets, **Diploma** which has shown consistent organic and acquisitive growth, and lastly **Paragon Banking** where we believe credit quality and market position will deliver growth through tougher macro periods.

We have reduced exposure to some companies where they have experienced tougher periods of trading, all of which are yet to fully recover but are investment cases we continue to support. These include **Robert Walters** (global recruitment specialist), **Treatt** (flavourings for beverages), **Big Technologies** (electronic monitoring), **Marlowe** (business support services) and **Auction Technology** (platform for auction markets).

Gearing
The level of gearing (net of cash) at 30 June 2024 was 5.8% (2023: 2.5%). Given our improving outlook, we increased the gearing during the year and are now fully drawn on the £40 million loan facility. We continue to hold cash in the portfolio to ensure we can participate in market opportunities and are not liquidity constrained.

Revenue Account
Dividend income generated by the portfolio (excluding capital receipts) decreased by 9.8% over the year, with the main impact being the effect on the portfolio of share buy backs undertaken during the year – dividend income stated on a pence per share basis was marginally higher than last year. Interest rates remaining high also meant that the Company received £887,000 in interest income during the year.

The dividend outlook for the Company, seen through its income generation from the underlying holdings, has remained strong. Both the resilience of earnings, aided by business models and by solid trading, as well as the growth being exhibited, has helped drive the Revenue Account strength. The ability of companies to provide dividend returns to shareholders has been supported by balance sheet strength, a focus of our investment process. Meanwhile, we also see dividend strength as a reassurance of the confidence of underlying management teams.

While we consider it a good discipline for an investee company to have a policy of paying a dividend to shareholders on a regular basis, it is not a prerequisite for us to invest. There are currently four holdings in the portfolio which we do not expect to be dividend payers in the near future, currently re-investing back into their businesses to drive growth; **Auction Technology**, **Big Technologies**, **Marlowe** and **Boku.**

There were two revenue special dividends received during the year; **Bytes Technology** and **Hollywood Bowl**, which in aggregate amounted to £315,000 or 2.7% of investment income. This is down on the 7.2% that special dividends represented in 2023 because companies are more confident in the outlooks and keen to invest either organically or through bolt on acquisitions.

Outlook
We wrote last year about the overhang of the market waiting for a recession which didn't really materialise. Since the market turn in October 2023, UK stock markets have been buoyant and consistent in delivery. We believe a driver of that turn was the awareness of how cheaply valued UK equities were; relative to international peers, their own history, and their earnings prospects. These points still remain true as we go through the second half of 2024 and should continue to support rising markets. This is further evidenced by the frequency and premium level of bids for UK listed assets. The level of premiums that companies are being bid for is evidence of the value inherent in these markets, and the return of a more positive sentiment towards UK equities that we expect to continue. There will always be examples where shareholders feel the premium should be higher or they would have rather continued to be invested for the long term, but overall it is helping to drive awareness of the returns potential. To combat this market shrinkage we have also seen the IPO market open up again, with the Raspberry Pi listing (in which we took part) being heavily oversubscribed by investors. It has been encouraging to see such a high quality unique asset choosing to list in its home market.

"We expect to see interest rates come down, and history would suggest this to be positive, not just for absolute market levels, but in particular for small cap relative to large cap."

What other catalysts lie ahead for UK markets? The domestic economic data has continued to turn more positive, both across business and consumer aspects. We expect to see interest rates come down, and history would suggest this to be positive, not just for absolute market levels, but in particular for small cap relative to large cap. The number of elections, particularly the US Presidential Election, might act as a short-term market overhang, but outcome dependent this could also drive markets further onwards once the results are known. In the UK, the new Labour government has made a point of highlighting its awareness of the need to stimulate the economy. However, it is too early to predict whether the government or any regulatory body can successfully enact meaningful changes that will actually stimulate UK markets, something we would very much support and have been active in sharing views on.

Our screening tool, The Matrix, continues to perform well and identifies companies it believes are displaying Quality, Growth and Momentum dynamics. The Matrix will continue to be valuable as we move through economic cycles and by interacting daily with The Matrix, we believe we can keep our research up to date. The market is continuing to evidence that earnings momentum, seen through upgrades to expectations, is a strong driver of share price performance. There has been more of a flight to quality this year, which aligns with our investment process, but in particular the market is looking to avoid poor quality exposures. Quality characteristics have helped companies thrive in the inflationary environment, protecting margins and investing consistently even through quieter periods, all helping to capture market shares. Our investment process has been running for over 25 years in UK smaller companies and is seasoned through five economic cycles. This gives us confidence to be able to adapt the portfolio to the prevailing economic and market conditions. As highlighted earlier, value as a factor is still performing well in the UK small cap market, and The Matrix helps us evaluate where those exposures lie; many quality growth companies show value characteristics given market conditions in recent years.

Markets tend to anticipate improvements, and turning points in the past have been when the outlook is often close to being at its most pessimistic. The first half of the period was in that category; inflation was persisting, interest rates remained high, and the consumer squeeze was ongoing. A combination of that environment easing and improving, as well as the market looking towards the future, has helped to drive this turn in markets. Smaller companies will always be an asset class with relatively high volatility, but we believe the current time is an attractive entry point for new capital, where investors are able to take a longer-term investment horizon.

Despite strong absolute and relative performance during this reporting period, the Company's discount to NAV remains stubbornly wide. UK smaller companies is not alone as an asset class in experiencing this. Whilst we have seen a growing interest in the asset class in recent months, we feel the inflow of money has yet to be seen. This can be evidenced through open ended funds flow data which remains lacklustre. Discounts are narrowed by demand, so we would hope this can be seen during the current 2024/25 financial year given the brighter outlook.

Abby Glennie and Amanda Yeaman
abrdn
4 September 2024

Investment Process

abrdn UK Smaller Companies Growth Trust plc offers an actively managed portfolio of equity shares of smaller and mid-sized companies listed in the UK. Over the longer term, smaller company returns have outstripped those of their large-cap peers.

Management

The Company's Manager is abrdn Fund Managers Limited, a wholly owned subsidiary of abrdn plc. Abby Glennie joined the Smaller Companies Team at abrdn in 2016. She was appointed as Co-Manager for the Company in November 2020 and Lead Manager in January 2023. Amanda Yeaman joined the team in 2019 and was appointed as Deputy Manager in January 2023. They are both part of a team focusing on investing in smaller and mid-sized companies.

Investment Philosophy and Process

The Board has identified that abrdn has a proven and repeatable investment process, which has delivered strong returns to shareholders over the last 20 years. The investment process adheres to the abrdn Smaller Companies' Quality, Growth and Momentum led philosophy. The Investment Manager aims to select lower risk smaller companies in growing markets where business momentum is positive, predictable and improving. The Investment Manager has a long-term investment horizon, aiming to maximise returns by running winners in the long-term and moving on from holdings when the investment case no longer stacks up. The investment process takes into account abrdn's Environmental, Social and Governance principles.

The Matrix

In managing the Company's investment portfolio, the Quality, Growth and Momentum philosophy is enhanced by using abrdn's proprietary screening tool, 'The Matrix', to focus research efforts and the stock selection process. The Matrix is a quantitative screening tool assessing potential and current investments on 12 separate proven indicators of financial performance. It is a powerful tool in helping the Investment Manager identify a shortlist of investable stocks for further analysis and monitoring the performance and prospects of the portfolio. Stocks that are identified in this way are then subjected to further analysis and may be selected for the portfolio following discussions with company management.

When building a portfolio of smaller companies, the Investment Manager screens stocks using The Matrix and also considers a number of qualitative factors to help identify the best investment opportunities.

1. Sustainable growth
Consistency of growth provides opportunities for companies to compound growth at attractive rates, aligning with strong earnings and dividend growth. This also helps reduce potential volatility.

2. Quality
The strength of each company's relationships with its customers or clients, the existence and importance of long-term contracts and the degree to which the company has any element of pricing power is important as it allows the company to pass on any cost increases and thereby maintain margins. The Investment Manager will typically avoid companies with high or unsustainable levels of debt.

3. Buy for the long-term
Identify the great companies of tomorrow and then hold them for the long-term. This reduces the financial drag of high trading volumes.

4. Concentrate the effort
The Matrix helps identify the likely candidates for inclusion in the portfolio and reduces the risk that effort is spent on stocks that will not fulfil the criteria for inclusion within the portfolio.

5. Management longevity
Founders retaining positions of authority within the companies after flotation, along with longevity of tenure by CEOs are a positive signal.

6. Valuation
Whilst not the primary basis of investment recommendations, valuation is considered in all investments and is embedded within The Matrix.

Investment Process

Continued

The Company does not have an objective that promotes sustainable characteristics. Environmental, social and governance ("ESG") factors are, however, considered as part of the Investment Manager's process.

ESG Factors

The Investment Manager considers ESG risks and opportunities for all of its investments and thus ESG considerations are taken into account as part of the investment process. The Investment Manager is of the view that a full and thorough assessment of ESG factors, alongside other financial and fundamental factors, allows better investment decisions to be made.

ESG analysis is a core constituent in the "Quality" analysis of the Investment Manager's fundamental research. Especially for smaller companies, both risks and opportunities matter, and thus the research approach and analysis takes this into account.

Through the utilisation of a third party research provider such as MSCI and, more recently abrdn's in-house ESG rating tools, the Investment Manager is able to identify, where appropriate, leaders and laggards, areas of weakness and areas of strength. Ratings processes for smaller companies can be less accurate given data availability and coverage, and therefore the engagement and fundamental research the Investment Manager and its ESG equity analysts carry out with the investee companies is critical in adding value and ensuring the most important ESG risks and opportunities are well identified.

Finally, as part of broader stewardship activities, the Investment Manager participates actively in the voting process of the holdings in the portfolio, in line with best practice.

Portfolio

The Investment Manager has a long-term investment horizon, aiming to maximise returns by running winners in the long-term and moving on from holdings when the investment case no longer stacks up.

Investments in the Construction and Materials sector represent 7.1% of the portfolio.

Ten Largest Investments

As at 30 June 2024

Diploma

A global business supplying specialised technical products and services, with a focus on three sectors; Life Sciences, Seals and Controls.

Hill & Smith

A business involved in the design, manufacture and supply of products for the construction and infrastructure industries

JTC

A global professional service business, with a focus on fund, corporate and private client services, including fund administration.

XPS Pensions

A leading UK consulting and administration business, specialising in the pensions and insurance sectors.

Cranswick

A high-quality, vertically-integrated pork and chicken products company operating in the UK.

Hilton Food

Builds and operates large scale, highly automated food processing, manufacturing and logistics services for leading retail and food services customers.

Morgan Sindall

A UK based construction and regeneration company.

Ashtead Technology

A leading provider of equipment rental solutions, advanced underwater technologies and support services to the global offshore energy sector.

4imprint

A direct marketer of promotional products, with a focus on the US.

Paragon Banking

A UK based company that provides specialist banking services.

Investment Portfolio

As at 30 June 2024

Company	Sector	Valuation 2024 £'000	Total portfolio %	Valuation 2023 £'000
Diploma	Industrial Support Services	17,512	4.0	13,709
Hill & Smith	Industrial Metals and Mining	17,190	3.9	13,317
JTC	Investment Banking and Brokerage Services	17,057	3.9	14,562
XPS Pensions	Investment Banking and Brokerage Services	16,383	3.8	–
Cranswick	Food Producers	15,887	3.6	12,482
Hilton Food	Food Producers	15,191	3.5	11,518
Morgan Sindall	Construction and Materials	15,099	3.5	10,980
Ashtead Technology	Oil, Gas and Coal	15,008	3.4	–
4imprint	Media	14,692	3.4	18,408
Paragon Banking	Finance and Credit Services	14,351	3.3	8,500
Top ten investments		**158,370**	**36.3**	
Bytes Technology	Software and Computer Services	13,211	3.0	15,071
Alpha Financial Markets	Industrial Support Services	12,419	2.8	14,542
Gamma Communications	Telecommunications Service Providers	11,531	2.6	12,015
AJ Bell	Investment Banking and Brokerage Services	11,361	2.6	5,577
Hollywood Bowl	Travel and Leisure	11,242	2.6	9,550
Volution	Construction and Materials	10,924	2.5	6,524
Sirius Real Estate	Real Estate Investment Trusts	10,837	2.5	6,384
GlobalData	Media	10,286	2.4	8,998
Mortgage Advice Bureau	Finance and Credit Services	10,192	2.3	7,803
Jet2	Travel and Leisure	10,091	2.3	–
Top twenty investments		**270,464**	**61.9**	
Games Workshop	Leisure Goods	9,265	2.1	14,771
Tatton Asset Management	Investment Banking and Brokerage Services	9,232	2.1	4,000
Hunting	Oil, Gas and Coal	8,691	2.0	–
Coats	General Industrials	8,487	1.9	9,036
Alpha Group	Investment Banking and Brokerage Services	8,076	1.9	3,799
Johnson Service	Industrial Support Services	7,986	1.8	–
discoverIE	Electronic and Electrical Equipment	7,791	1.8	15,023
Craneware	Health Care Providers	7,466	1.7	4,510
Premier Foods	Food Producers	6,982	1.6	–
Cairn Homes	Household Goods and Home Construction	6,819	1.6	–
Top thirty investments		**351,259**	**80.4**	

Investment Portfolio

Continued

As at 30 June 2024

Company	Sector	Valuation 2024 £'000	Total portfolio %	Valuation 2023 £'000
Telecom Plus	Telecommunications Service Providers	6,724	1.5	11,247
Next 15	Media	6,424	1.5	8,657
CVS	Consumer Services	6,391	1.5	13,071
Chemring	Aerospace and Defense	6,145	1.4	–
Midwich	Industrial Support Services	5,665	1.3	8,420
Boku	Industrial Support Services	5,200	1.2	–
Volex	Electronic and Electrical Equipment	4,988	1.1	–
Clarkson	Industrial Transportation	4,872	1.1	–
Liontrust Asset Management	Investment Banking and Brokerage Services	4,849	1.1	3,391
Auction Technology	Software and Computer Services	4,775	1.1	8,278
Top forty investments		**407,292**	**93.2**	
Big Technologies	Software and Computer Services	4,245	1.0	11,053
Marlowe	Industrial Support Services	4,091	0.9	4,376
Treatt	Chemicals	3,749	0.9	7,966
Raspberry Pi	Technology Hardware and Equipment	3,610	0.8	–
Ricardo	Construction and Materials	3,399	0.8	3,566
LBG Media	Media	3,350	0.8	3,064
Robert Walters	Industrial Support Services	3,079	0.7	5,943
YouGov	Media	2,653	0.6	6,602
Renew Holdings	Construction and Materials	1,221	0.3	–
Total portfolio		**436,689**	**100.0**	

All investments are equity investments.

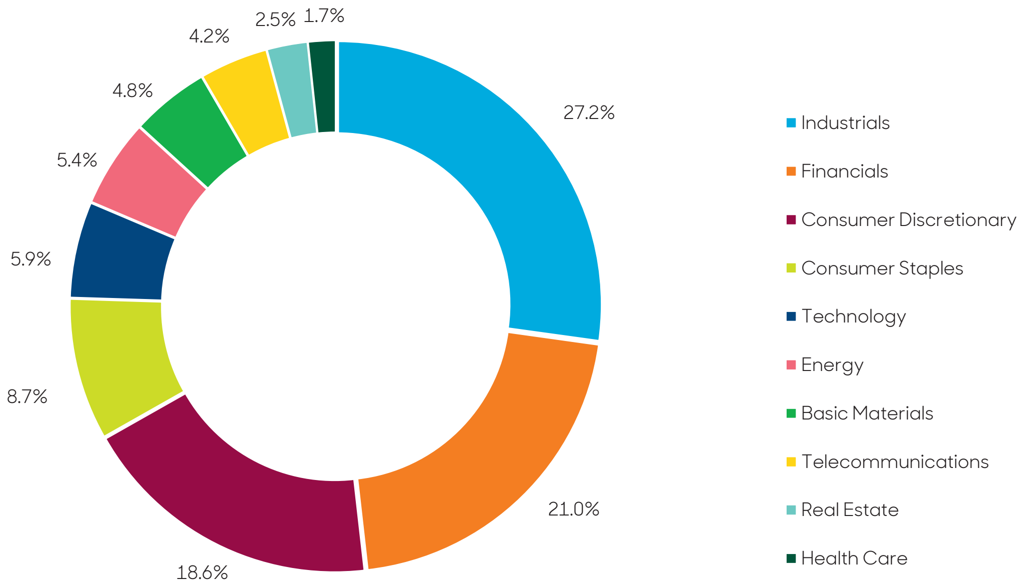
Sector Distribution of Investments

As at 30 June 2024

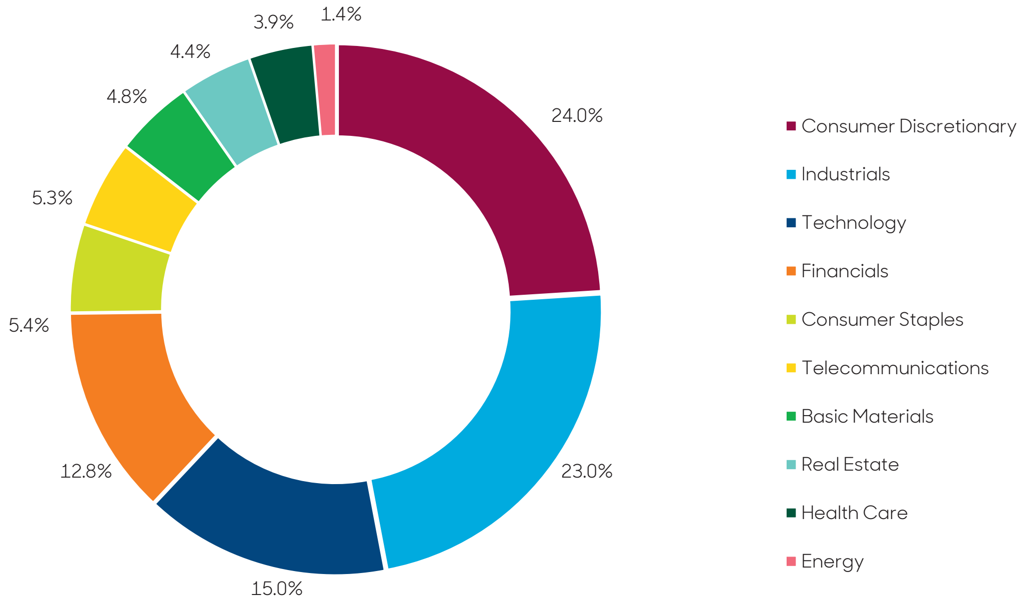
	Portfolio weighting 2024 %	2023 %
Basic Materials	**4.8**	**4.8**
Chemicals	0.9	1.8
Industrial Metals and Mining	3.9	3.0
Consumer Discretionary	**18.8**	**23.9**
Consumer Services	1.5	3.0
Household Goods and Home Construction	1.6	–
Leisure Goods	2.1	5.6
Media	8.7	11.5
Personal Goods	–	1.4
Retailers	–	0.2
Travel and Leisure	4.9	2.2
Consumer Staples	**8.7**	**5.4**
Food Producers	8.7	5.4
Energy	**5.4**	**1.4**
Oil, Gas and Coal	5.4	1.4
Financials	**21.0**	**12.8**
Finance and Credit Services	5.6	–
Investment Banking and Brokerage Services	15.4	12.8
Health Care	**1.7**	**3.9**
Health Care Providers	1.7	1.0
Pharmaceuticals and Biotechnology	–	2.9
Industrials	**27.1**	**23.0**
Aerospace and Defense	1.4	–
Construction and Materials	7.1	6.1
Electronic and Electrical Equipment	2.9	1.4
General Industrials	1.9	2.1
Industrial Support Services	12.7	13.4
Industrial Transportation	1.1	–
Real Estate	**2.5**	**4.3**
Real Estate Investment and Services	–	2.4
Real Estate Investment Trusts	2.5	1.9
Technology	**5.9**	**15.2**
Software and Computer Services	5.1	11.4
Technology Hardware and Equipment	0.8	3.8
Telecommunications	**4.1**	**5.3**
Telecommunications Service Providers	4.1	5.3
Total	**100.0**	**100.0**

Investment Portfolio by Sector

Sector Allocation 2024

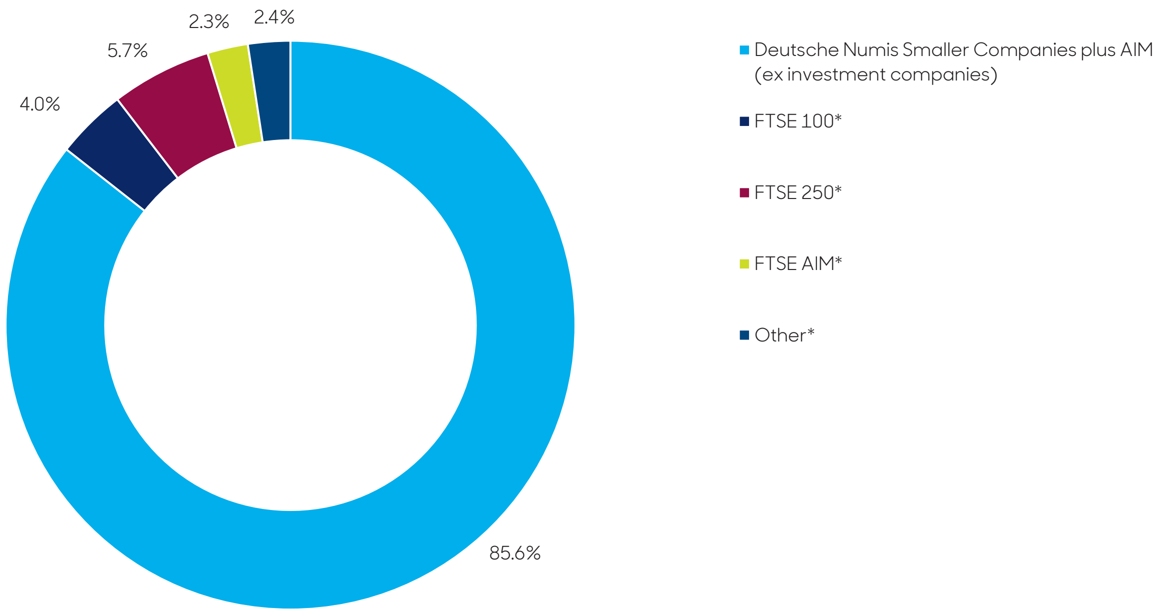


Sector Allocation 2023

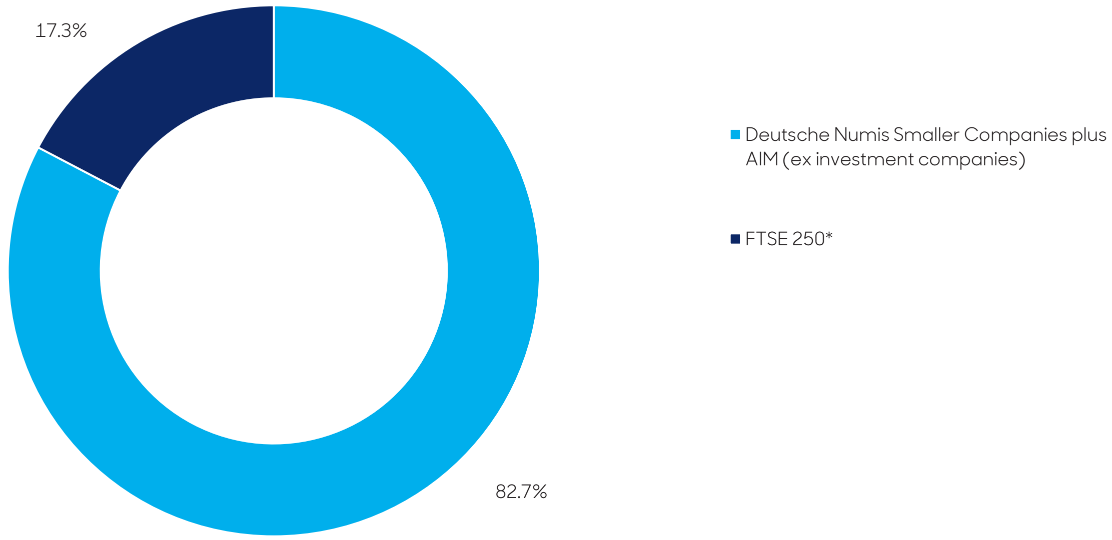


Market Cap Exposure

Market cap exposure 2024



Market cap exposure 2023



* Consists of holdings which are not constituents of the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index.

Investment Case Studies

XPS Pensions

The UK pensions services market is facing a period of significant regulatory change, creating increasing complexity for companies and pension trustees. The new General Code of Practice and GMP ("Guaranteed Minimum Pension") requirements are but a few of the regulatory factors that drive customer demand and a potential structural shift to outsourcing of in-house pension undertakings. XPS Pensions ("XPS") is well positioned to capitalise on these supportive trends. XPS's three core service lines, Actuarial & Consulting, Investment & Consulting and Administration, are highly regarded by existing customers and have resulted in high-profile contract wins. The Investment Manager believes that XPS has the potential to sustain high revenue growth and expand margins over the medium term. A strong balance sheet provides financial flexibility to broaden its service capabilities and participate in mid-market consolidation. The business has a high Matrix score, with a strong market environment, attractive financials and a track record of positive earnings momentum.

Cairn Homes

High Matrix scoring Cairn Homes is Ireland's largest housebuilder and 2024 is likely to show a step-change in growth in both revenue and profits and an industry leading return on equity. The returns profile of Cairn's business has transformed for two key reasons. Firstly, the Irish state has implemented multiple policies to accelerate supply of new housing, including supporting first-time buyers and funding the delivery of affordable housing. Importantly, there are growing opportunities to forward fund developments, reducing the amount of the company's capital tied up in developments. Secondly, Cairn has unlocked around a third of its balance sheet value by delivering first revenues from its Clonburris development last year, which is expected to underpin volumes into the medium term. The company's well established scale platform has put it in an exceptionally strong position and the demand for its new homes remains high as evidenced by the record performance in 2023. The Investment Manager considers that the company's asset backed balance sheet and mature scale platform puts it in a uniquely strong position to deliver significant levels of housing to both private and public markets.

Governance

Investments in the Industrial Transportation sector represent 1.1% of the portfolio.

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance.

All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship with the Manager.

Board of Directors

Liz Airey

Independent Non-Executive Chairman

Experience:

Liz Airey was, until March 2020, non-executive Chairman of Jupiter Fund Management plc. She is a non-executive director of BlackRock Frontiers Investment Trust plc and Kirk Lovegrove & Company Limited, an advisory board member of Ownership Capital BV and Chair of Trustees of the Rolls-Royce UK Pension Fund. She has previously been a non-executive director of Tate & Lyle plc, Dunedin Enterprise Investment Trust plc, JP Morgan European Smaller Companies Trust plc, Zetex plc and AMEC plc. In her executive career, Liz was Finance Director of Monument Oil and Gas plc, a post she held from 1990 until the sale of the company to Lasmo plc in 1999.

Length of service:

5 years, appointed a Director on 21 August 2019 and Chairman on 31 March 2020

Committee membership:

Management Engagement Committee and Nomination Committee (Chairman)

Contribution:

The Directors have reviewed the contribution of Liz Airey in light of her proposed re-election at the AGM and have concluded that she has continued to chair the Board expertly, fostering a collaborative spirit between the Board and Manager whilst ensuring that meetings remain focused on the key areas of stakeholder relevance. In addition, she has provided significant insight to the Board through her financial and corporate experience and knowledge of the investment management sector.

Ashton Bradbury

Independent Non-Executive Director

Experience:

Ashton Bradbury has previously held roles at Charterhouse Tilney, Hill Samuel Investment Management and HSBC Asset Management Europe and was, until 2014, a fund manager with Old Mutual Global Investors Limited where he established its Small and Mid-Cap equities team. Ashton holds a BSc in Banking and Finance from Loughborough University of Technology.

Length of service:

6 years, appointed a Director on 2 July 2018

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:

The Board has reviewed the contribution of Ashton Bradbury in light of his proposed re-election at the AGM and has concluded that he continues to provide significant investment insight to the Board and knowledge of the asset class and investment management sector.

Alexa Henderson

Independent Non-Executive Director

Experience:

Alexa Henderson has over 30 years' experience in finance, accounting and audit having worked with KPMG, Arthur Andersen and Deutsche Bank (WM Company). She is currently Chairman of JP Morgan Japan Small Cap Growth & Income PLC (anticipated to retire in October 2024) and a director of WAM Leaders Limited, an Australian-listed investment company. She will be appointed as a director of International Biotechnology Trust plc with effect from 1 January 2025. Previous directorships include Dunedin Smaller Companies Investment Trust PLC, Scottish Building Society (which she chaired for four years) and Adam & Company Group PLC. She is a Chartered Accountant.

Length of service:

6 years, appointed a Director on 8 October 2018

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:

The Board has reviewed the contribution of Alexa Henderson in light of her proposed re-election at the AGM and has concluded that she continues to provide significant financial and corporate insight to the Board and knowledge of the investment trust sector.

Manju Malhotra

Independent Non-Executive Director

Experience:

Manju Malhotra was, until December 2023, Chief Executive Officer of Harvey Nichols, having joined the business in 1998 and progressed through various roles including Chief Operating Officer and CFO. Manju is also a non-executive director of Workspace Group plc. She is a Chartered Accountant.

Length of service:

1 year, appointed a Director on 1 May 2023

Committee membership:

Audit Committee (Chairman), Management Engagement Committee and Nomination Committee

Contribution:

The Board has reviewed the contribution of Manju Malhotra in light of her proposed re-election at the AGM and has concluded that she has chaired the Audit Committee expertly since taking on the role during the year and continues to provide meaningful financial, business and corporate insight to the Board.

Board of Directors

Continued

Tim Scholefield

Senior Independent Non-Executive Director and Chairman of the Management Engagement Committee

Experience:

Tim Scholefield was, until 2014, Head of Equities at Baring Asset Management. He previously held roles at Royal Sun Alliance Investments and Scottish Widows Investment Partnership. Tim is currently Chairman of Invesco Bond Income Plus Limited and Allianz Technology Trust PLC. He is also a non-executive director of Jupiter Unit Trust Managers Limited and a consultant to Gresham House Asset Management.

Length of service:

7 years, appointed a Director on 20 February 2017

Committee membership:

Audit Committee, Management Engagement Committee (Chairman) and Nomination Committee

Contribution:

The Board has reviewed the contribution of Tim Scholefield in light of his proposed re-election at the AGM and has concluded that he has continued to chair the Management Engagement Committee expertly as well as acting as the Senior Independent Director. He continues to provide significant investment insight to the Board and knowledge of the investment management and investment trust sectors.

Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2024.

Results and Dividends

The financial statements for the year ended 30 June 2024 are contained on pages 75 to 95. An interim dividend of 3.70p per Ordinary share was paid on 12 April 2024 and the Directors recommend a final dividend of 8.3p per Ordinary share, payable on 29 November 2024 to shareholders on the register on 1 November 2024. The ex-dividend date is 31 October 2024.

Principal Activity and Status

The Company is registered as a public limited company in Scotland under company number SC145455, is an investment company within the meaning of Section 833 of the Companies Act 2006 and carries on business as an investment trust.

The Company has applied for and has been accepted as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 July 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

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

Capital Structure and Voting Rights

The Company's issued share capital at 30 June 2024 consisted of 74,270,535 (2023: 88,329,911) Ordinary shares of 25 pence each and there were 29,893,887 (2023: 15,834,511) Ordinary shares held in treasury.

During the year, 14,059,376 Ordinary shares were bought back into treasury.

Since the year end, the Company has bought back a further 543,624 Ordinary shares into treasury. Accordingly, as at the date of this Report, the Company's issued share capital consisted of 73,726,911 Ordinary shares of 25 pence each and 30,437,511 Ordinary shares held in treasury.

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

Management Agreement

The Company has appointed abrdn Fund Managers Limited ("aFML"), a wholly owned subsidiary of abrdn plc, as its Alternative Investment Fund Manager (the "Manager"). aFML has been appointed to provide investment management, risk management, administration and company secretarial services, and promotional activities to the Company. The Company's portfolio is managed by abrdn Investment Management Limited (the "Investment Manager") by way of a group delegation agreement in place between it and aFML. In addition, aFML has sub-delegated administrative and secretarial services to abrdn Holdings Limited and promotional activities to abrdn Investments Limited.

With effect from 1 July 2023, the management fee is calculated quarterly in arrears at a rate of 0.75% per annum on the first £175 million of the Company's net assets, 0.65% per annum on net assets above this threshold until £550 million, and 0.55% on net assets above this threshold.

In addition, until 31 December 2023, the Manager received a secretarial and administration fee of £75,000 plus VAT. From 1 January 2024, the Manager was no longer entitled to a secretarial and administration fee.

The Manager also receives a separate fee for the provision of promotional activities to the Company. This fee amounted to £207,500 plus VAT for the year (2023: £301,000 plus VAT).

Further details of the fees payable to the Manager are shown in notes 4 and 5 to the financial statements.

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

Directors

At the year end, there were five independent non-executive Directors, whose biographies are shown on pages 46 to 48. Liz Airey is the Chairman and Tim Scholefield is the Senior Independent Director. Caroline Ramsay retired as a Director on 23 November 2023.

All of the Directors will retire and, being eligible, will offer themselves for re-election at the Annual General Meeting.

The Directors attended scheduled Board and Committee meetings during the year ended 30 June 2024 as follows (with their eligibility to attend the relevant meetings in brackets):

	Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Liz Airey	4 (4)	- (-)[A]	1 (1)	1 (1)
Ashton Bradbury	4 (4)	2 (2)	1 (1)	1 (1)
Alexa Henderson	4 (4)	2 (2)	1 (1)	1 (1)
Manju Malhotra	4 (4)	2 (2)	1 (1)	1 (1)
Caroline Ramsay[B]	2 (2)	1 (1)	- (-)	- (-)
Tim Scholefield	4 (4)	2 (2)	1 (1)	1 (1)

[A] Liz Airey is not a member of the Audit Committee but attends the meetings by invitation

[B] Retired as a Director on 23 November 2023

The Board meets more frequently when business needs require. During the year ended 30 June 2024 this included a Board meeting to approve share buy backs and two Board Committee meetings to approve the annual and half yearly financial statements.

The Board believes that all the Directors seeking re-election remain independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. The biographies of each of the Directors are shown on pages 46 to 48, setting out their range of skills and experience as well as length of service and their contribution to the Board during the year. The Board believes that each Director has the requisite high level and range of business, investment and financial experience which enables the Board to provide clear and effective leadership and proper governance of the Company. Following formal performance evaluations, each Director's performance continues to be effective and demonstrates commitment to the role, and their individual performances contribute to the long-term sustainable success of the Company. In addition, all Directors have demonstrated that they have sufficient time to fulfil their directorial roles with the Company. The Board therefore recommends the re-election of each of the Directors at the Annual General Meeting.

External Agencies

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

Board Diversity

The Board recognises the importance of having a range of skilled and experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of its Directors. In view of its size, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. In doing so, the Board will take account of the targets set out in the FCA's Listing Rules, which are set out in the tables below.

The Board has resolved that the Company's year end date is the most appropriate date for disclosure purposes. The following information has been provided by each Director through the completion of questionnaires. There have been no changes since the year end.

Board Gender as at 30 June 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (note 3)	Number in executive management	Percentage of executive management
Men	2	40%	2		
Women	3	60% (note 1)	3	n/a	n/a
Not specified/prefer not to say	–	–	–		

Board Ethnic Background as at 30 June 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (note 3)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	4	80%	4		
Asian/Asian British	1 (note 2)	20%	1	n/a	n/a
Not specified/prefer not to say	–	–	–		

Notes:

1. Meets target that at least 40% of Directors are women as set out in LR 6.6.6R (9)(a)(i)
2. Meets target that at least one Director is from a minority ethnic background as set out in LR 6.6.6R (9)(a)(iii)
3. The Company considers that the role of Chairman, Senior Independent Director ("SID"), and the chairmen of the Audit Committee, Management Engagement Committee and Nomination Committee are senior positions.

Directors' Report

Continued

Board's Policy on Tenure

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

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

The Role of the Chairman and Senior Independent Director

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

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

Management of Conflicts of Interest

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

No Director has a service contract with the Company although all Directors are issued with letters of appointment. Other than the deeds of indemnity referred to on page 60, there were no contracts during, or at the end of the year, in which any Director was interested.

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

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

Directors' and Officers' Liability Insurance

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

Corporate Governance

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

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

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

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- the need for an internal audit function (provision 25);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 41).

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

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders. Full details of the Company's compliance with the AIC Code of Corporate Governance can be found on its website.

Matters Reserved for the Board

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

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring requirements such as approval of the Half-Yearly Report and Annual Report and financial statements and approval and recommendation of any dividends;
- 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;
- 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 Management Agreement relating thereto; and
- London Stock Exchange/Financial Conduct Authority – responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

Full and timely information is provided to the Board to enable it to function effectively and to allow the Directors to discharge their responsibilities.

Board Committees

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

Audit Committee

The Audit Committee's Report is contained on pages 63 to 66.

Management Engagement Committee

The Management Engagement Committee comprises the full Board and is chaired by Tim Scholefield. The main responsibilities of the Management Engagement Committee include:

- monitoring and evaluating the performance of the Manager;
- reviewing the Manager's assessment of value under Consumer Duty;
- reviewing, at least annually, the continued retention of the Manager;
- reviewing, at least annually, the terms of appointment of the Manager including, but not limited to, the level and method of remuneration and the notice period of the Manager; and
- reviewing the performance and remuneration of the other key service providers to the Company.

Following a review of performance and the terms of appointment of the Manager, during the year the Management Engagement Committee recommended to the Board that the continuing appointment of the Manager was in the best interests of the shareholders and the Company as a whole. In reaching this decision, the Committee considered the Company's performance record and the Manager's investment and investment oversight processes. In addition, the Committee considered the quality of other services provided by the Manager, including compliance, secretarial, administrative and promotional services, which are all required for the effective operation and administration of the Company.

Nomination Committee

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

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

During the year, the Nomination Committee undertook an annual appraisal of the Chairman of the Board, individual Directors and the performance of Committees and the Board as a whole. This process involved the completion of questionnaires by each Director and follow-on discussions between the Chairman and each Director. The appraisal of the Chairman was undertaken by the Senior Independent Director. The results of the process, as well as a review of the prior year's action points, were discussed by the Board. It was agreed that the previous year's action points had been satisfactorily carried through in the year.

Some areas of particular focus will continue to be central to the Board's work, most importantly this will mean continuing to keep the investment process under close review as well as monitoring the risk oversight of the investment process carried out by the Manager.

Additional matters that the Board expects to be a focus in the year ahead include:

- reviewing the longstanding discount control mechanism and its effectiveness given the high ongoing industry discount levels;
- revisiting the phasing and effectiveness of the marketing and broader promotional programme; and
- formulating a longer-term Board succession plan given the concentration of sequential Board member retirements in the years 2026-2028.

Following the appraisal process, the Board concluded that it continues to operate well and effectively and is focussing on the right issues in its work to promote the success of the Company and that each Director makes a significant contribution to the Board.

The Committee last conducted an independent external Board evaluation during the year ended 30 June 2022.

Substantial Interests

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

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware as at 30 June 2024.

Shareholder	Number of Ordinary shares	% held
Interactive Investor	12,166,176	16.4
Hargreaves Lansdown	8,654,658	11.6
1607 Capital Partners	6,393,397	8.6
RBC Brewin Dolphin	5,931,888	8.0
AJ Bell	3,977,428	5.4
Rathbones	2,758,626	3.7
Charles Stanley	2,284,704	3.1

The Company has not been notified of any changes to the above holdings since the end of the year.

Going Concern

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

As at 30 June 2024, the Company had a £40 million unsecured revolving credit facility with The Royal Bank of Scotland International Limited which expires on 1 November 2025.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 14 to 16 and they believe that the Company has adequate financial resources to continue in operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise, as well as share buy back commitments. The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year and considered the Company's Statement of Financial Position as at 30 June 2024 which shows net current liabilities of £23.6 million at that date, and do not consider this to be a concern due to the liquidity of the portfolio which would enable the Company to meet any short term liabilities if required.

Taking all of this into account, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Accountability and Audit

The respective responsibilities of the Directors and the Independent Auditor in connection with the financial statements appear on pages 68 and 69 to 74.

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

Directors' Report

Continued

Independent Auditor
As explained in the Audit Committee's Report on page 66, following a tender process conducted during the year, the Board decided to appoint Johnston Carmichael LLP as the Company's Independent Auditor, in place of KPMG LLP, for the audit of the financial statements for the year ending 30 June 2025. The Board will therefore propose resolutions at the Annual General Meeting to appoint Johnston Carmichael LLP as Independent Auditor for the ensuing year and to authorise the Directors to determine its remuneration.

Financial Instruments
The financial risk management objectives and policies arising from financial instruments and the exposure of the Company to risk are disclosed in note 16 to the financial statements.

Relations with Shareholders
The Directors place a great deal of importance on communications with shareholders. Shareholders and investors may obtain up to date information on the Company through its website and from the Manager and Company Secretary (see Contact Addresses).

abrdn Holdings Limited has been appointed Company Secretary to the Company. Whilst abrdn Holdings Limited is a wholly owned subsidiary of abrdn plc, there is a clear separation of roles between the Manager and Company Secretary with different board compositions and different reporting lines in place. The Board notes that, in accordance with Market Abuse Regulations, procedures are in place to control the dissemination of information within the abrdn plc group of companies when necessary. Where correspondence addressed to the Board is received there is full disclosure to the Board. This is kept confidential if the subject matter of the correspondence requires confidentiality.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (including the Company Secretary or the Manager) in situations where direct communication is required. In addition, representatives from the Manager meet with major shareholders on at least an annual basis in order to gauge their views, and report back to the Board on these meetings.

The Company's Annual General Meeting provides a forum for communication primarily with private shareholders and is attended by the Board. The Investment Manager makes a presentation at the meeting and all shareholders have the opportunity to put questions to both the Board and the Manager at the meeting.

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

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

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

The rules governing the appointment of Directors are set out in the Directors' Remuneration Report on pages 59 to 62. The Company's Articles of Association may only be amended by a special resolution passed at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover. Other than the management agreement with the Manager, further details of which are set out on page 49, the Company is not aware of any contractual or other agreements which are essential to its business which could reasonably be expected to be disclosed in the Directors' Report.

Annual General Meeting

The Notice of the Annual General Meeting ("AGM"), which will be held at 12 noon on Thursday, 21 November 2024, and related notes, may be found on pages 111 to 116.

Resolutions including the following business will be proposed.

Issue of Ordinary Shares

Resolution 11, which is an ordinary resolution, will, if passed, renew the Directors' authority to allot new Ordinary shares up to 10% of the issued share capital of the Company (excluding treasury shares) as at the date of this Report.

Resolution 12, which is a special resolution, will, if passed, renew the Directors' existing authority to allot new Ordinary shares or sell treasury shares for cash without the new Ordinary shares first being offered to existing shareholders in proportion to their existing holdings. This will give the Directors authority to make limited allotments or sell shares from treasury on a non pre-emptive basis of up to 10% of the total ordinary issued share capital (excluding treasury shares) as at the date of this Report.

The authority to issue shares on a non pre-emptive basis includes shares held in treasury (if any) which the Company sells or transfers, including pursuant to the authority conferred by Resolution 11.

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

The authorities being sought under Resolutions 11 and 12 shall expire at the conclusion of the Company's next AGM in 2025 or, if earlier, on the expiry of 15 months from the date of the passing of the resolutions, unless such authorities are renewed prior to such time. The Directors have no current intention to exercise these authorities and will only do so if they believe it is advantageous and in the best interests of shareholders.

Purchase of the Company's Ordinary Shares

At a General Meeting of the Company held on 3 June 2024, shareholders approved a special resolution to renew the authority of the Company to make market purchases of its Ordinary shares.

Resolution 13, which is a special resolution, seeks to renew the Board's authority to make market purchases of the Company's Ordinary shares in accordance with the provisions contained in the Companies Act 2006 and the FCA's Listing Rules. Accordingly, the Company will seek authority to purchase up to a maximum of 14.99% of the issued share capital (excluding treasury shares) at the date of passing of the resolution at a minimum price of 25 pence per share (being the nominal value). Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

The Board does not intend to use this authority to purchase the Company's Ordinary shares, unless to do so would result in an increase in the net asset value per Ordinary share and would be in the best interests of shareholders. Any Ordinary shares purchased shall either be cancelled or held in treasury. The authority being sought shall expire at the conclusion of the AGM in 2025 or, if earlier, on the expiry of 15 months from the date of the passing of the resolution unless such authority is renewed prior to such time.

The Company bought back 14,059,376 Ordinary shares during the year ended 30 June 2024, representing 15.9% of the opening issued share capital. These buy backs were conducted in accordance with the Company's discount control policy which is included on page 18. It is the view of the Board that this policy is in the best interests of shareholders as a whole. The use of the share buy back authority during the year is set out in the Chairman's Statement on page 9.

Tender Offers

In addition to the authority that is being sought by the Company under Resolution 13 to purchase its own Ordinary shares of 25 pence each, Resolution 15, which is a special resolution, grants the Board the authority to implement one or more tender offers and to repurchase up to a maximum of 10% of the Company's issued share capital in the financial year prior to the conclusion of the next AGM. If Resolution 15 is passed, the tender offers will be structured by way of an on-market offer by a market-maker and the price will be an amount equal to the realisation value of the assets attributable to the shares tendered, as at the latest practicable date before such tender, less an exit charge of 2%. The shares will subsequently be bought back by the Company from the market-maker at the same price and cancelled or held in treasury.

Directors' Report

Continued

If Resolution 15 is passed, such authority will expire at the conclusion of the Company's AGM in 2025 or, if earlier, on the expiry of 15 months from the date of the passing of the resolution unless renewed prior to that date.

Any future tender offers will be conducted at the Board's discretion in circumstances where the Board believes that share buy-backs are not sufficient to maintain the discount at an appropriate level. Any tender offers will be conducted in accordance with the FCA's Listing Rules and the rules of the London Stock Exchange. If the Board decides to implement a tender offer, shareholders will be notified prior to each tender offer of the full terms and conditions of the tender offer and the procedure for tendering shares.

Limit on Directors' Fees

Resolution 14, which is an ordinary resolution, will, if approved, increase the annual limit on aggregate Directors' fees from £200,000 to £250,000. The proposal is explained in more detail in the Directors' Remuneration Report on page 59 and is permitted under the Company's Articles of Association. If Resolution 14 is passed, the increase in the annual limit will take effect from the conclusion of the Annual General Meeting.

Notice of Meeting

Under the Companies Act 2006, the notice period for the holding of general meetings of the Company is 21 clear days unless shareholders agree to a shorter notice period and certain other conditions are met. Resolution 16, which is a special resolution, will seek to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on not less than 14 clear days' notice, as permitted by the Companies Act 2006 as amended by the Companies (Shareholders' Rights) Regulations 2009.

It is currently intended that this flexibility to call general meetings on shorter notice will only be used for non-routine business and where it is considered to be in the interests of all shareholders. If Resolution 16 is passed, the authority to convene general meetings on not less than 14 clear days' notice will remain effective until the conclusion of the AGM in 2025.

Recommendation

The Board considers that the resolutions to be proposed at the AGM are in the best interests of the Company and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board recommends that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 77,136 Ordinary shares, representing 0.10% of the Company's issued share capital as at the date of this Report.

By order of the Board
abrdn Holdings Limited
Company Secretary
1 George Street
Edinburgh EH2 2LL
4 September 2024

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

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

Company law requires the Company's Independent Auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The Independent Auditor's report is included on pages 69 to 74.

As the Company has no employees, and the Board is comprised wholly of non-executive Directors, and given the size and nature of the Company, the Board has not established a separate Remuneration Committee. The Director's Remuneration Policy and level of Directors' remuneration are determined by the Nomination Committee, which is chaired by Liz Airey and comprises all of the Directors.

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

No shareholder views have been sought in setting the remuneration policy (approved by shareholders at the Annual General Meeting on 23 November 2023) and no communication was received from shareholders during the year regarding Directors' remuneration.

Remuneration Policy

The Company's policy is that the remuneration of the Directors, all of whom are non-executive, should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts with a similar capital structure and similar investment objectives.

Directors are remunerated exclusively in the form of fees, payable monthly in arrears to the Director personally. The fees for the Directors are determined within the limits set out in this Remuneration Policy and the Company's Articles of Association which currently limit the aggregate of the fees payable to the Directors to £200,000 per annum.

As explained in the Report of the Directors on page 58, an ordinary resolution will be proposed at the Annual General Meeting to seek shareholder approval to increase the aggregate limit to £250,000 per annum. The higher limit is being sought so as to allow for increases in Directors' remuneration over a number of years and also for a higher level of aggregate fees during years when new Directors are appointed as part of the Board's succession planning.

It is intended that the fees payable to the Directors should reflect their duties, responsibilities, and the value and amount of time committed to the Company's affairs, and should also be sufficient to enable candidates of a high quality to be recruited and retained. There is no performance-related remuneration scheme and therefore the Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits, and the fees are not specifically related to the Directors' performance, either individually or collectively.

Appointment Terms

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

Directors' Remuneration Report

Continued

- The Company indemnifies its Directors under deeds of indemnity for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- The terms of appointment provide that a Director may be removed without notice.
- There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.
- No Director is entitled to any other monetary payment or any assets of the Company.

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

There were no changes to the Directors' Remuneration Policy during the year nor are there any proposals for changes in the foreseeable future.

Approval of Remuneration Policy and Statement of Voting at Annual General Meeting

At the Annual General Meeting held on 23 November 2023, shareholders approved the Directors' Remuneration Policy. 99.0% of proxy votes were in favour of the resolution and 1.0% were against. There were abstentions in respect of 73,107 shares.

The Remuneration Policy is reviewed by the Nomination Committee on an annual basis and it is the Committee's intention that this Remuneration Policy will apply for the three year period ending 30 June 2026.

Implementation Report

Review of Directors' Fees

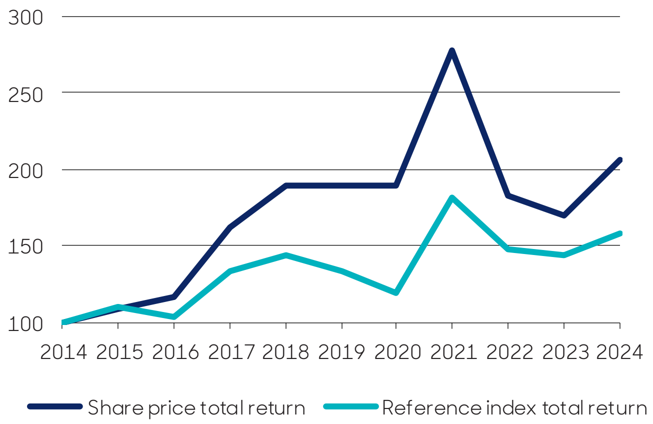
The levels of fees at the year end are set out in the table below. Fees are reviewed annually and, if considered appropriate, increased accordingly.

	30 June 2024 £	30 June 2023 £
Chairman	**40,700**	38,500
Chairman of the Audit Committee	**32,800**	31,000
Senior Independent Director	**29,400**	27,750
Director	**27,500**	26,000

The Nomination Committee carried out a review of the level of Directors' fees during the year, which included consideration of fees paid by comparable investment trusts and the sector as a whole. Following this review, the Nomination Committee concluded that fees would be increased with effect from 1 July 2024 to £43,700 for the Chairman, £35,200 for the Chairman of the Audit Committee, £31,500 for the Senior Independent Director and £29,500 for the other Directors. The Nomination Committee was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

Company Performance

The graph below shows the share price total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index for the ten year period to 30 June 2024 (rebased to 100 at 30 June 2014). This index was chosen for comparison purposes as it is the reference index used for investment performance measurement purposes.



Statement of Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 23 November 2023, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 30 June 2023. 99.3% of proxy votes were in favour of the resolution and 0.7% were against. There were abstentions in respect of 60,124 shares.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 30 June 2024 will be proposed at the Annual General Meeting.

Spend on Pay

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

Directors' Remuneration (audited)

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

	Year ended 30 June 2024			Year ended 30 June 2023		
	Fees £	Taxable Expenses £	Total £	Fees £	Taxable Expenses £	Total £
Liz Airey	**40,700**	**451**	**41,151**	38,500	334	38,834
Ashton Bradbury	**27,500**	**265**	**27,765**	26,000	1,309	27,309
Alexa Henderson	**27,500**	**-**	**27,500**	26,000	–	26,000
Manju Malhotra[A]	**30,695**	**491**	**31,186**	4,333	579	4,912
Caroline Ramsay[B]	**13,029**	**387**	**13,416**	31,000	1,339	32,339
Tim Scholefield	**29,400**	**396**	**29,796**	27,750	789	28,539
Total	**168,824**	**1,990**	**170,814**	153,583	4,350	157,933

[A] Appointed a Director on 1 May 2023

[B] Retired as a Director on 23 November 2023

The above amounts exclude any employers' national insurance contributions, if applicable. All fees are at a fixed rate and there is no variable remuneration. Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties included in the fees referred to in the table above. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

Directors' Remuneration Report

Continued

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' fees for the past five years.

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020
	Fees %	**Fees %**	**Fees %**	**Fees %**	**Fees %**
Liz Airey	5.7	2.9	6.9	n/a[A]	n/a
Ashton Bradbury	5.8	2.8	6.8	–	3.0
Alexa Henderson	5.8	2.8	6.8	–	n/a
Manju Malhotra	18.1[B]	n/a	n/a	n/a	n/a
Caroline Ramsay	5.8[C]	4.4	6.8	–	3.0
Tim Scholefield	5.9	2.8	7.1	–	2.9

[A] Appointed as a Director on 21 August 2019 and as Chairman on 31 March 2020

[B] Pro-rated from date of appointment on 1 May 2023. Appointed as Chairman of the Audit Committee on 23 November 2023

[C] Pro-rated from date of retirement on 23 November 2023

Directors' Interests in the Company (audited)

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 30 June 2024 and 30 June 2023 had no interest in the share capital of the Company other than those interests, all of which are beneficial, shown in the following table.

	30 June 2024 Ordinary shares	30 June 2023 Ordinary shares
Liz Airey	**50,000**	50,000
Ashton Bradbury	**10,000**	10,000
Alexa Henderson	**4,391**	4,391
Manju Malhotra	**-**	-
Caroline Ramsay[A]	**4,545**	4,545
Tim Scholefield	**8,200**	8,200

[A] At date of retirement on 23 November 2023.

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

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 30 June 2024:

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

On behalf of the Board
Liz Airey
Chairman
4 September 2024

Audit Committee's Report

The Audit Committee presents its Report for the year ended 30 June 2024.

Committee Composition

The Audit Committee comprises all of the non-executive Directors other than the Chairman of the Board. The Audit Committee is chaired by Manju Malhotra who took over the role from Caroline Ramsay following her retirement from the Board on 23 November 2023. Manju Malhotra is a Chartered Accountant and has recent and relevant financial experience. The Board is satisfied that the Audit Committee as a whole has competence relevant to the investment trust sector.

Functions of the Audit Committee

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

The Committee's main functions are listed below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant and internal audit and compliance reports relating thereto (including review of non-financial risks) (the Directors' statement on the Company's internal controls and risk management is set out below);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company and any formal announcements relating to the Company's financial performance, by reviewing, and challenging where necessary the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly financial reports, and any formal announcements relating to the Company's financial performance;
- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the Independent Auditor to review the proposed audit programme of work and the findings of the Independent Auditor. The Audit Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Independent Auditor to supply non-audit services. All non-audit services must be approved in advance by the Audit Committee and will be reviewed in the light of relevant guidance and statutory requirements regarding the provision of non-audit services by the external audit firm, and the need to maintain the Auditor's independence. There were no non-audit fees paid to the Independent Auditor during the year under review or during the previous year;
- to obtain and review a statement from the abrdn Group detailing the arrangements in place within the group whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations to the Board in relation to the appointment of the Independent Auditor and to approve the remuneration and terms of engagement of the Independent Auditor; and
- to monitor and review the Auditor's independence, objectivity, effectiveness, resources and qualification, taking into consideration relevant UK professional and regulatory requirements;

Activities During the Year

The Audit Committee met twice during the year when, amongst other things, it reviewed and updated the Company's risk matrix, with particular consideration given to new and emerging risks. The Committee also met with the Independent Auditor to discuss its audit strategy. At these meetings the Committee also considered in detail the Annual Report and the Half-Yearly Financial Report. Representatives of the abrdn Group's internal audit, risk and compliance departments reported to the Audit Committee at these meetings on matters such as internal control systems, risk management and the conduct of the business in the context of its regulatory environment. No significant weaknesses in the control environment were identified. The Committee therefore concluded that there were no significant issues which required to be escalated to the Board.

Audit Committee's Report

Continued

Internal Controls and Risk Management

The Audit Committee confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks, that has been in place for the year ended 30 June 2024 and up to the date of approval of the Annual Report, which is regularly reviewed by the Audit Committee and accords with the FRC's guidance on internal controls.

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

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board, through the Audit Committee, has prepared its own risk register which lists potential risks as summarised in the Strategic Report on pages 14 to 16. The Audit Committee considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate them.

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

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

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

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

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

Financial Statements and Significant Matters

During its review of the Company's financial statements for the year ended 30 June 2024, the Audit Committee considered the following significant matters, in particular those communicated by the Independent Auditor during its planning and reporting of the year end audit:

Valuation, Existence and Ownership of Investments

How the matter was addressed – the Company uses the services of an independent depositary (BNP Paribas SA, London Branch) (the "Depositary") to hold the assets of the Company. An annual internal control report is received from the Depositary, providing details of its control environment. This report is reviewed by the Manager who provides a summary to the Audit Committee.

The investment portfolio is reconciled regularly by the Manager and management accounts, including a full portfolio listing, are prepared quarterly and are considered at Board meetings. The valuation of investments is undertaken in accordance with the accounting policies disclosed in note 2 b) to the financial statements.

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

Recognition of Dividend Income

How the matter was addressed – the recognition of dividend income is undertaken in accordance with accounting policy note 2 d) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the specific circumstances. Management accounts are reviewed by the Directors at Board meetings and discussions take place with the Manager regarding the allocation of any special dividends that have been received. The Audit Committee also considered the Independent Auditor's work and conclusions in this area.

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

Review of Financial Reporting

The Audit Committee, when considering the draft Annual Report and financial statements for the year ended 30 June 2024, concluded that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and that a recommendation could be made to the Board for it to reach this conclusion. As part of its considerations, the Audit Committee assumed that the reader of the Annual Report and financial statements would have a reasonable knowledge of the investment industry in general and of investment trusts in particular.

Review of Independent Auditor

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

- Independence – the Independent Auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Audit Committee aware of any potential issues, explaining all relevant safeguards.
- Quality of audit work – including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and working relationship with management (the Independent Auditor has a constructive working relationship with the Manager). The Audit Committee also considers the findings in the FRC's annual quality inspection of KPMG.

Audit Committee's Report

Continued

- Quality of people – including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the audit partner).
- Fees – including current and proposed fees for future years.

The Independent Auditor's report is included on pages 69 to 74. Details of the amounts paid to KPMG during the year for audit services are set out in note 5 to the financial statements.

Tenure of the Independent Auditor

KPMG was initially appointed as the Company's Independent Auditor at the Annual General Meeting on 26 October 2017. In accordance with present professional guidelines the audit partner is rotated after no more than five years and the year ended 30 June 2024 is the second year for which the present audit director, Hannah Walsh, has served.

Appointment of New Auditor

In common with all UK listed companies, including investment companies, there has been upward pressure on audit fees over the past few years. The Audit Committee reviewed this trend and considered the impact to the Company of the cost of the external audit and, following this review, the Committee decided to bring forward the tender process which otherwise would have taken place no later than 2027. The Committee invited a number of audit firms to submit proposals and, following a thorough process which involved a presentation by each of the shortlisted firms to the Audit Committee, it was agreed to recommend to the Board the appointment of Johnston Carmichael LLP as the Company's auditor for the year ending 30 June 2025. In reaching its decision, the Audit Committee took into account a number of factors, including the independence, skills and experience of Johnston Carmichael LLP, as well as the proposed level of audit fee. The Audit Committee has not been dissatisfied in any way with the quality of audit work undertaken by KPMG over the past seven years but believes that this decision is in the best interest of shareholders. As a result, KPMG will not be seeking re-appointment as auditor and the Board will propose resolutions at the Annual General Meeting to appoint Johnston Carmichael LLP as Auditor for the year ending 30 June 2025 and to authorise the Directors to determine its remuneration.

On behalf of the Audit Committee
Manju Malhotra
Chair of the Audit Committee
4 September 2024

Financial Statements

Investments in the in the Food Producers sector represent 8.7% of the portfolio.

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

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, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

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

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

Responsibility Statement of the Directors in Respect of the Annual Financial Report

The Directors confirm that to the best of their knowledge:

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

On behalf of the Board
Liz Airey
Chairman
4 September 2024

Independent Auditor's Report to the Members of abrdn UK Smaller Companies Growth Trust plc

1. Our Opinion is Unmodified

We have audited the financial statements of abrdn UK Smaller Companies Growth Trust plc (the "Company") for the year ended 30 June 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

We were first appointed as auditor by the shareholders on 26 October 2017. The period of total uninterrupted engagement is for the seven financial years ended 30 June 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole		£4.55 million (2023: £4.50 million) 1% (2023: 1%) of Total Assets
Key audit matters		**vs 2023**
Recurring risks	Carrying amount of quoted investments	◀▶

2. Key Audit Matters: Our Assessment of Risks of Material Misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2023), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

	The risk	Our response
Carrying amount of quoted investments (£436.69 million; 2023: £438.41 million) *Refer to page 65 (Audit Committee's Report), page 79 (accounting policy) and page 86 (financial disclosures).*	**Low risk, high value** The Company's portfolio of quoted investments makes up 95.94% (2023: 96.47%) of the Company's total assets (by value) and is one of the key drivers of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	We performed the detailed tests below rather than seeking to rely on controls, because the nature of the balance is such that detailed testing is determined to be the most effective manner of obtaining audit evidence. Our procedures included: **Tests of detail:** Agreed the valuation of 100% of quoted investments in the portfolio to externally quoted prices; and **Enquiry of Custodians:** Agreed 100% of investment holdings in the portfolio to independently received third party confirmations from the investment custodian. **Our results:** We found the carrying amount of quoted investments to be acceptable (2023: acceptable).

3. Our Application of Materiality and an Overview of the Scope of our Audit

Materiality for the financial statements as a whole was set at £4.55 million (2023: £4.50 million), determined with reference to a benchmark of total assets, of which it represents 1% (2023: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

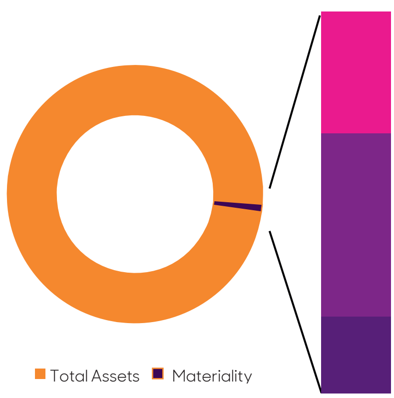
Performance materiality was set at 75% (2023: 75%) of materiality for the financial statements as a whole, which equates to £3.41 million (2023: £3.37 million). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £227,000 (2023: £225,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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

The scope of the audit work performed was predominantly substantive as we placed limited reliance upon the Company's internal control over financial reporting.

Total Assets
£455.15 million (2023: £454.47 million)



Materiality
£4.55 million
(2023: £4.50 million)

£4.55 million
Whole financial statements materiality
(2023: £4.50 million)

£3.41 million
Whole financial statements performance materiality
(2023: £3.37 million)

£227,000
Misstatements reported to the Audit Committee
(2023: £225,000)

4. Going Concern

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

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources and its ability to operate over this period were:

- the impact of a significant reduction in the valuation of investments and implications for the Company's debt covenants;
- the liquidity of the investment portfolio and its ability to meet the liabilities of the Company as and when they fall due; and
- the operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Company's current and projected cash and liquid investment position (and the results of a reverse stress test).

We considered whether the going concern disclosure in note 2 a) to the financial statements gives a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the Directors' statement in note 2 a) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 2 a) to be acceptable; and
- the related statement under the Listing Rules set out on page 55 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

5. Fraud and Breaches of Laws and Regulations – Ability to Detect

Identifying and Responding to Risks of Material Misstatement due to Fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of Directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- assessing the segregation of duties in place between the Directors, the Administrator and the Investment Manager; and
- reading Board and Audit Committee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report to the Members of abrdn UK Smaller Companies Growth Trust plc

Continued

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation. We did not identify any significant unusual transactions or additional fraud risks.

We evaluated the design and implementation of the relevant controls over journal entries and other adjustments and made inquiries of the Administrator as to whether they were aware of any inappropriate or unusual activity relating to the processing of journal entries and other adjustments.

Based on the results of our risk assessment procedures and our understanding of the journal entries process, including the segregation of duties between the Directors and the Administrator, we did not identify any high-risk journal entries or other adjustments. We substantively tested all material post-closing entries and, to incorporate an element of unpredictability, a haphazard selection of other entries by examining supporting documentation.

Identifying and Responding to Risks of Material Misstatement due to Non-compliance with Laws and Regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the Investment Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Further, we assessed the legality of the distributions made by the Company in the period based on comparing the dividends paid to the distributable reserves prior to each distribution, including consideration of accounts filed during the year.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection, bribery and corruption legislation and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the Ability of the Audit to Detect Fraud or Breaches of Law or Regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

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

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

Strategic Report and Directors' Report

Based solely on our work on the other information:

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

Directors' Remuneration Report

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

Disclosures of Emerging and Principal Risks and Longer-Term Viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on pages 18 and 19 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability Statement set out on pages 18 to 19 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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

Corporate Governance Disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and

- the section of the Annual Report that describes the review of the effectiveness of the Company's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in this respect.

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

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

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

We have nothing to report in these respects.

8. Respective Responsibilities

Directors' Responsibilities

As explained more fully in their statement set out on page 68, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

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

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

9. The Purpose of Our Audit Work and to Whom we Owe our Responsibilities

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

Hannah Walsh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
4 September 2024

Statement of Comprehensive Income

		Year ended 30 June 2024			Year ended 30 June 2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments held at fair value	10	–	48,116	48,116	–	(46,435)	(46,435)
Income	3	12,727	1,474	14,201	13,649	–	13,649
Investment management fee	4	(704)	(2,113)	(2,817)	(848)	(2,542)	(3,390)
Other administrative expenses	5	(876)	–	(876)	(1,115)	–	(1,115)
Net return before finance costs and taxation		11,147	47,477	58,624	11,686	(48,977)	(37,291)
Finance costs	6	(557)	(1,533)	(2,090)	(315)	(945)	(1,260)
Return before taxation		10,590	45,944	56,534	11,371	(49,922)	(38,551)
Taxation	7	–	–	–	–	–	–
Return after taxation		10,590	45,944	56,534	11,371	(49,922)	(38,551)
Return per Ordinary share (pence)	9	13.12	56.90	70.02	12.44	(54.63)	(42.19)

The total column of this statement represents the profit and loss account of the Company. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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

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

Statement of Financial Position

	Notes	As at 30 June 2024 £'000	As at 30 June 2023 £'000
Non-current assets			
Investments held at fair value through profit or loss	10	**436,689**	438,408
Current assets			
Debtors	11	**2,541**	1,637
Investments in AAA-rated money market funds		**15,627**	14,129
Cash and short term deposits		**293**	294
		18,461	16,060
Current liabilities			
Creditors: other amounts falling due within one year	12	**(2,097)**	(2,943)
Bank loan	12	**(39,964)**	(24,938)
		(42,061)	(27,881)
Net current liabilities		**(23,600)**	(11,821)
Total assets less current liabilities		**413,089**	426,587
Net assets		**413,089**	426,587
Capital and reserves			
Called-up share capital	13	**26,041**	26,041
Share premium account		**170,146**	170,146
Capital reserve	14	**203,375**	217,927
Revenue reserve		**13,527**	12,473
Equity shareholders' funds		**413,089**	426,587
Net asset value per Ordinary share (pence)	15	**556.19**	482.95

The financial statements on pages 75 to 95 were approved by the Board of Directors on 4 September 2024 and were signed on its behalf by:

Liz Airey
Chairman

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

Statement of Changes in Equity

For the year ended 30 June 2024

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2023	26,041	170,146	217,927	12,473	426,587
Return after taxation	–	–	45,944	10,590	56,534
Buyback of Ordinary shares into Treasury (see note 13)	–	–	(60,496)	–	(60,496)
Dividends paid (see note 8)	–	–	–	(9,536)	(9,536)
Balance at 30 June 2024	26,041	170,146	203,375	13,527	413,089

For the year ended 30 June 2023

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2022	26,041	170,146	293,616	8,808	498,611
Return after taxation	–	–	(49,922)	11,371	(38,551)
Buyback of Ordinary shares into Treasury (see note 13)	–	–	(25,767)	–	(25,767)
Dividends paid (see note 8)	–	–	–	(7,706)	(7,706)
Balance at 30 June 2023	26,041	170,146	217,927	12,473	426,587

The capital reserve at 30 June 2024 is split between realised of £110,364,000 and unrealised of £93,011,000 (30 June 2023 – realised £169,058,000 and unrealised £48,869,000).

The Company's reserves available to be distributed by way of dividends or buybacks which includes the revenue reserve and the realised element of the capital reserve amount to £123,891,000 (30 June 2023 – £181,531,000).

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

Statement of Cash Flows

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Operating activities		
Net return before taxation	**56,534**	(38,551)
Adjustment for:		
(Gains)/losses on investments	**(48,116)**	46,435
(Increase)/decrease in accrued dividend income	**(912)**	772
Finance costs	**2,090**	1,260
(Increase)/decrease in other debtors	**(2)**	3
Decrease in other creditors	**(1,063)**	(304)
Net cash inflow from operating activities	**8,531**	9,615
Investing activities		
Purchases of investments	**(116,814)**	(83,777)
Sales of investments	**166,628**	122,718
Purchases of AAA-rated money market funds	**(120,148)**	(91,974)
Sales of AAA-rated money market funds	**118,650**	92,259
Net cash inflow from investing activities	**48,316**	39,226
Financing activities		
Bank and loan interest paid	**(1,862)**	(1,193)
Repurchase of Ordinary shares into Treasury	**(60,450)**	(25,230)
Repayment of loan	**–**	(15,000)
Drawdown of loan	**15,000**	–
Equity dividends paid	**(9,536)**	(7,706)
Net cash outflow from financing activities	**(56,848)**	(49,129)
Decrease in cash	**(1)**	(288)
Analysis of changes in cash during the year		
Opening balance	**294**	582
Decrease in cash as above	**(1)**	(288)
Closing balance	**293**	294

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

Notes to the Financial Statements

For the year ended 30 June 2024

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No SC145455, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

a) **Basis of accounting and going concern**. The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

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

As at 30 June 2024, the Company had fully drawn down from a £40 million unsecured revolving credit facility with The Royal Bank of Scotland International Limited which expires on 1 November 2025.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 14 to 16 and they believe that the Company has adequate financial resources to continue in operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise. The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year and considered the Company's Statement of Financial Position as at 30 June 2024 which shows net current liabilities of £23.6 million at that date, and do not consider this to be a concern due to the liquidity of the portfolio which would enable the Company to meet any short term liabilities if required.

Taking all of this into account, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The accounting policies applied are unchanged from the prior year and have been applied consistently.

b) **Investments**. Investments have been designated upon initial recognition as fair value through profit or loss in accordance with IAS 39. As permitted by FRS 102, the Company has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery to be made within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value. 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 the FTSE All-Share and the most liquid AIM constituents.

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.

Notes to the Financial Statements

Continued

c) **AAA-rated money market funds**. The AAA money market funds are used by the Company to provide additional short term liquidity. 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 and loss.

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 in the Statement of Comprehensive Income, according to the circumstances of the underlying payment. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short-term deposits and money market funds is accounted for on an accruals basis under the effective interest method.

e) **Expenses and interest payable**. Expenses are accounted for on an accruals basis. Expenses are charged to the capital column of the Statement of Comprehensive Income 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 25% to revenue and 75% to the capital columns of the Statement of Comprehensive Income 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 4 and 6).

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

f) **Dividends payable**. Dividends are recognised in the period in which they are paid.

g) **Nature and purpose of reserves**

Called-up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. This reserve is not distributable.

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p. This reserve is not distributable.

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

Revenue reserve. Income and expenses which are recognised in the revenue column of the Statement of Comprehensive Income are transferred to the revenue reserve. The revenue reserve is available for distribution including by way of dividend.

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the year end 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 year end 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 Financial Statements which are capable of reversal in one or more subsequent periods.

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) **Foreign currency**. Non-monetary assets and liabilities denominated in foreign currency carried at fair value through profit or loss are converted into Sterling at the rate of exchange ruling at the year end date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Comprehensive Income.

j) **Judgements and key sources of estimation uncertainty**. Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the Financial Statements. There are no significant estimates or judgements which impact these Financial Statements.

k) **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.

l) **Bank borrowing**. 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 under the effective interest 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.

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

Notes to the Financial Statements

Continued

3. Income

	2024 £'000	2023 £'000
Income from investments		
UK dividend income	**10,363**	10,706
Property income distributions	**274**	431
Overseas dividend income	**888**	1,043
Special dividends	**315**	943
Special dividends – capital	**1,474**	–
	13,314	13,123
Other income		
Interest from AAA-rated money market funds	**873**	516
Bank interest	**14**	10
Total income	**14,201**	13,649

4. Investment management fee

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**704**	**2,113**	**2,817**	848	2,542	3,390

The balance due to abrdn Fund Managers Limited ("aFML") at the year end in respect of investment management fees was £715,000 (2023 – £1,667,000). For further details see the Directors' Report on page 49 and note 20 on page 95.

5. Administrative expenses (inclusive of VAT)

	2024 £'000	2023 £'000
Secretarial fees[A]	**45**	90
Promotional activities[A]	**249**	362
Directors' fees	**169**	154
Auditor's remuneration:		
– fees payable to the Company's Independent Auditor for the audit of the annual accounts (excluding VAT)	**71**	60
– VAT on audit fees	**12**	12
Registrar's fees	**29**	27
Professional fees	**48**	89
Custody fees	**29**	28
Depositary fees	**49**	56
Other expenses	**175**	237
	876	1,115

[A] During the year the Company had an agreement with aFML for the provision of secretarial services and promotional activities. It was agreed between the Company and the Manager that payments under this agreement in relation to secretarial fees would cease with effect from 1 January 2024. Secretarial fees payable during the year, inclusive of VAT, were £45,000 (2023 – £90,000) and the amount due to aFML at the year end was £nil (2023 – £90,000). Costs relating to promotional activities during the year, inclusive of VAT, were £249,000 (2023 – £362,000) and the amount due to aFML at the year end was £119,000 (2023 – £132,000).

6. Finance costs

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loan interest	**535**	**1,466**	**2,001**	282	846	1,128
Non-utilisation fees	**15**	**47**	**62**	25	76	101
Amortisation of loan arrangement expenses	**7**	**20**	**27**	8	23	31
	557	**1,533**	**2,090**	315	945	1,260

Notes to the Financial Statements

Continued

7. Taxation

(a) Analysis of charge for year

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Tax charge	**–**	**–**	**–**	–	–	–

Given the Company's continued investment trust status and there being no taxable income generated from its operations, no tax has been paid in the year (2023 – same).

(b) **Provision for deferred taxation**. At 30 June 2024, the Company had unutilised management expenses and loan relationship losses of £84,965,000 (2023 – £80,344,000). A deferred tax asset has not been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable future taxable profits against which these tax losses could be deducted. Therefore, it is unlikely that the Company will generate future taxable revenue that would enable the existing tax losses to be utilised.

(c) **Factors affecting the tax charge for the year**. The tax charge for the year is lower (2023 – higher) than the standard rate of UK corporation tax for the period of 25% (2023 – 20.5%). The differences are explained in the following table:

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	**10,590**	**45,944**	**56,534**	11,371	(49,922)	(38,551)
Corporation tax at an effective rate of 25% (2023 – 20.5%)	**2,648**	**11,486**	**14,134**	2,331	(10,234)	(7,903)
Effects of:						
Non-taxable UK dividend income	**(2,806)**	**(368)**	**(3,174)**	(2,388)	–	(2,388)
Non-taxable overseas dividend income	**(86)**	**–**	**(86)**	(214)	–	(214)
Management expenses and loan relationship losses not utilised	**244**	**911**	**1,155**	271	715	986
Non-taxable (gains)/losses on investments	**–**	**(12,029)**	**(12,029)**	–	9,519	9,519
Total tax charge	**–**	**–**	**–**	–	–	–

8. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the period:		
2023 final dividend of 8.00p per share (2022 – 5.40p) paid on 30 November 2023	**6,711**	5,000
2024 interim dividend of 3.70p per share (2023 – 3.00p) paid on 12 April 2024	**2,825**	2,706
	9,536	7,706

The proposed 2024 final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158-1159 of the Corporation Taxes Act 2010 are considered. The net revenue available for distribution by way of dividend for the year is £10,590,000 (2023 – £11,371,000).

	2024 £'000	2023 £'000
Interim dividend 2024 of 3.70p per share (2023 – 3.00p) paid on 12 April 2024	**2,825**	2,706
Proposed final dividend 2024 of 8.30p per share (2023 – 8.00p) payable on 29 November 2024	**6,119**	6,907
	8,944	9,613

The amount payable for the proposed final dividend is based on the Ordinary shares in issue as the date of approval of this Report, 4 September 2024, which satisfies the requirement of Section 1159 of the Corporation Tax Act 2010.

9. Return per Ordinary share

	2024		2023	
	p	£000	p	£000
Basic				
Revenue return	**13.12**	**10,590**	12.44	11,371
Capital return	**56.90**	**45,944**	(54.63)	(49,922)
Total return	**70.02**	**56,534**	(42.19)	(38,551)

	2024	2023
Weighted average number of Ordinary shares in issue	**80,738,502**	91,387,673

Notes to the Financial Statements

Continued

10. Investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Opening book cost	**389,539**	429,395
Opening investment holdings gains	**48,869**	94,742
Opening fair value	**438,408**	524,137
Additions at cost	**116,783**	83,423
Disposals – proceeds	**(166,618)**	(122,717)
Gains/(losses)	**48,116**	(46,435)
Closing fair value	**436,689**	438,408

	2024 £'000	2023 £'000
Closing book cost	**343,678**	389,539
Closing investment holding gains	**93,011**	48,869
Closing fair value	**436,689**	438,408

All investments are in equity shares listed on the London Stock Exchange.

The Company received £168,618,000 (2023 – £122,717,000) from investments sold in the period. The book cost of these investments when they were purchased was £162,644,000 (2023 – £123,279,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2024 £'000	2023 £'000
Purchases	**314**	235
Sales	**44**	94
	358	329

11. Debtors

	2024 £'000	2023 £'000
Amounts due from brokers	–	10
Dividends receivable	**2,520**	1,608
Other debtors	**21**	19
	2,541	1,637

12. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Amounts payable to brokers	–	31
Amounts payable in relation to share buybacks	**583**	537
Interest payable	**427**	225
Investment management fee payable	**715**	1,667
Sundry creditors	**372**	483
	2,097	2,943

Bank loan	2024 £'000	2023 £'000
Bank loan	**40,000**	25,000
Unamortised loan arrangement expenses	**(36)**	(62)
	39,964	24,938

On 2 November 2022, the Company entered into a three year revolving credit facility of £40 million (the "RCF") with The Royal Bank of Scotland International Limited, which will expire on 1 November 2025. The RCF has a further uncommitted accordion provision allowing the Company to request and increase, subject to lender's approval, of up to an additional £25 million. At 30 June 2024, £40 million was drawn down under the RCF at an interest rate of 6.50%.

The RCF is shown in the Statement of Financial Position net of unamortised expenses of £36,000 (30 June 2023 – Term Loan – £62,000).

The terms of the RCF contain covenants that the Consolidated Net Tangible Assets as defined in the agreement must not be less than £200 million, the percentage of borrowings against the Adjusted Portfolio Value as defined in the agreement shall not exceed 30%, and the portfolio contains a minimum of thirty eligible investments (investments made in accordance with the Company's investment policy). The Company complied with all covenants throughout the year.

Notes to the Financial Statements

Continued

13. Called-up share capital

	2024		2023	
	Number	£'000	Number	£'000
Authorised	**150,000,000**	**37,500**	150,000,000	37,500

Issued and fully paid:				
Ordinary shares of 25p each	**74,270,535**	**18,568**	88,329,911	22,082
Held in treasury:	**29,893,887**	**7,473**	15,834,511	3,959
	104,164,422	**26,041**	104,164,422	26,041

	Ordinary shares Number	Treasury shares Number	Total Number
Opening balance	**88,329,911**	15,834,511	104,164,422
Share buybacks	**(14,059,376)**	14,059,376	–
Closing balance	**74,270,535**	29,893,887	104,164,422

During the year the Company repurchased 14,059,376 (2023 - 5,682,136) Ordinary shares to treasury at a cost of £60,496,000 (2023 - £25,767,000).

14. Capital reserve

	2024 £'000	2023 £'000
Opening balance	**217,927**	293,616
Unrealised gains/(losses) on investment holdings	**44,142**	(45,873)
Gains/(loss) on realisation of investments at fair value	**3,974**	(562)
UK dividend income – capital	**1,474**	–
Management fee charged to capital	**(2,113)**	(2,542)
Finance costs charged to capital	**(1,533)**	(945)
Buyback of Ordinary shares into treasury	**(60,496)**	(25,767)
Closing balance	**203,375**	217,927

The capital reserve includes investment holding gains amounting to £93,011,000 (2023 – gains of £48,869,000) as disclosed in note 10 on page 86.

15. Net asset value per share

Total shareholders' funds have been calculated in accordance with the provisions of applicable accounting standards. The analysis of total shareholders' funds on the face of the Statement of Financial Position reflects the rights, under the Articles of Association, of the Ordinary shareholders on a return of assets.

	2024	2023
Net assets attributable (£'000)	**413,089**	426,587
Number of Ordinary shares in issue at year end[A]	**74,270,535**	88,329,911
Net asset value per share	**556.19p**	482.95p

[A] Excluding shares held in treasury.

16. Financial instruments

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. No such transactions took place during the year.

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. There was no material currency risk to the Company for the period given its investing and financing activities are in the UK.

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 price risk. The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

- the level of income receivable on cash deposits and money market funds;

- 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.

As at 30 June 2024, the Company had drawn down £40 million (2023 – £25 million) from the £40 million revolving credit facility with The Royal Bank of Scotland International Limited.

Interest risk profile. The interest rate risk profile of the portfolio of financial assets and liabilities at the year end date was as follows:

As at 30 June 2024	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Investments in AAA-rated money market funds	–	5.33	–	15,627
Cash deposits	–	3.70	–	293
Total assets	–	–	–	15,920
Liabilities				
Bank loan	0.09	6.49	40,000	–
Total liabilities	–	–	40,000	–

As at 30 June 2023	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Investments in AAA-rated money market funds	–	4.92	–	14,129
Cash deposits	–	3.93	–	294
Total assets	–	–	–	14,423
Liabilities				
Bank loan	0.09	5.48	25,000	–
Total liabilities	–	–	25,000	–

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

The floating rate assets consist of investments in AAA-rated money market funds and cash deposits on call earning interest at prevailing market rates.

All financial liabilities are measured at amortised cost.

Interest rate sensitivity. The sensitivity analyses below have been determined based on the exposure to interest rates at the year end 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 result for the year ended 30 June 2024 and net assets would increase/decrease by £159,000 (2023 – increase/decrease by £144,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and money market funds.

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 pages 32 to 34, 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 mainly listed on the London Stock Exchange.

Other price risk sensitivity. If market prices at the year end date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary Shareholders for the year ended 30 June 2024 would have increased/decreased by £43,669,000 (2023 – increase/decrease of £43,841,000). This is based on the Company's equity portfolio held at each year end.

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

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities and AAA-rated money market funds, which can be sold to meet funding commitments if necessary. Subject to compliance with the terms of the revolving credit facility, including relevant covenant compliance, the Company has the ability to make future loan drawdowns during the period until the expiry of the facility on 1 November 2025.The maturity of the Company's existing borrowings is set out in the credit risk profile section of this note.

As at 30 June 2024	Expected cash flows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
Bank loan	**40,235**	**40,235**	**–**	**–**

As at 30 June 2023	Expected cash flows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
Bank loan	25,124	25,124	–	–

iii) **Credit risk**. This is failure of the counter party 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:

– investment transactions are carried out with a number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, both stock and cash reconciliations to the Custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis.

– cash is held only with reputable banks with high quality external credit enhancements.

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

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

	2024		2023	
Current assets	**Statement of Financial Position £'000**	**Maximum exposure £'000**	**Statement of Financial Position £'000**	**Maximum exposure £'000**
Debtors	**–**	**–**	10	10
Investments in AAA-rated money markets funds	**15,627**	**15,627**	14,129	14,129
Cash and short term deposits	**293**	**293**	294	294
	15,920	**15,920**	14,433	14,433

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

17. Analysis of changes in net debt

	At 30 June 2023 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2024 £'000
Cash and cash equivalents	**294**	**(1)**	**-**	**293**
Investments in AAA-rated money market funds	**14,129**	**1,498**	**-**	**15,627**
Debt due in less than one year	**(24,938)**	**(15,000)**	**(26)**	**(39,964)**
	(10,515)	**(13,503)**	**(26)**	**(24,044)**

	At 30 June 2022 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2023 £'000
Cash and cash equivalents	582	(288)	-	294
Investments in AAA-rated money market funds	14,414	(285)	-	14,129
Debt due in less than one year	(39,988)	15,080	(30)	(24,938)
	(24,992)	14,507	(30)	(10,515)

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

18. Capital management

The investment objective of the Company is to achieve long term capital growth by investment in UK quoted smaller companies.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance.

The Company's capital comprises the following:

	2024 £'000	2023 £'000
Equity		
Equity share capital	**26,041**	26,041
Reserves	**387,048**	400,546
Liabilities		
Bank loan	**39,964**	24,938
	453,053	451,525

The Company's net gearing comprises the following:

	2024 £'000	2023 £'000
Bank loans	**(39,964)**	(24,938)
Cash and investments in AAA-rated money market funds	**15,920**	14,423
Amounts due from brokers	**–**	10
Amounts payable to brokers	**–**	(31)
Net gearing (borrowings less cash and money market fund investments)	**(24,044)**	(10,536)
Net assets	**413,089**	426,587
Net gearing (%)	**5.8**	2.5

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing which takes account of the Investment Manager's views on the market;

– the level of equity shares;

– 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.

The Company does not have any externally imposed capital requirements.

19. 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 has the following classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

All of the Company's investments are in quoted equities (2023 - 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 (2024 – £436,689,000; 2023 – £438,408,000) have therefore been deemed as Level 1.

The investment in AAA rated money market funds of £15,627,000 (2023 – £14,129,000) is considered to be Level 2 under the fair value hierarchy of FRS 102 due to not trading in an active market.

The fair value of the £40 million revolving credit facility loan as at the 30 June 2024 is £40,000,000, due to it being short-term in nature, with a par value per Statement of Financial Position of £39,964,000. Under the fair value hierarchy in accordance with FRS 102, these borrowings can be classified at Level 2.

20. Transactions with the Manager

The Company has an agreement with abrdn Fund Managers Limited for the provision of management services. The management fee is calculated and payable quarterly in arrears at a rate of 0.75% per annum on the first £175 million of net assets, 0.65% per annum on net assets between £175 million and £550 million and 0.55% on net assets above £550 million.

The Company also has an agreement with aFML for the provision of secretarial services and promotional activities. It was agreed between the Company and the Manager that payments under this agreement for secretarial services would cease with effect from 1 January 2024.

21. Related party transactions

The Directors of the Company received fees for their services. Further details are provided in the Directors' Remuneration Report on page 61. The Directors' shareholdings are detailed on page 62.

22. Subsequent events

Subsequent to the year end, a further 543,624 Ordinary shares were repurchased to treasury at a cost of £2,783,000.

Alternative Performance Measures

Alternative performance measures ("APMs") 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 is lower than the Net Asset Value ("NAV") per share.

	30 June 2024	30 June 2023
Share price	**486.50p**	414.00p
Net Asset Value per share	**556.19p**	482.95p
Discount	**12.5%**	14.3%

Net gearing

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

	30 June 2024 £'000	30 June 2023 £'000
Total borrowings [A]	**(39,964)**	(24,938)
Cash and short term deposits	**293**	294
Investments in AAA-rated money market funds	**15,627**	14,129
Amounts due from brokers	**–**	10
Amounts payable to brokers	**–**	(31)
Total cash and money market fund investments[B]	**15,920**	14,402
Net gearing (borrowings less cash and money market fund investments)[C=A+B]	**(24,044)**	(10,536)
Shareholders' funds[D]	**413,089**	426,587
Net gearing[C/D]	**5.8%**	2.5%

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 of published daily net asset values throughout the year.

	30 June 2024 £'000	30 June 2023 £'000
Investment management fee[A]	**2,817**	3,390
Administrative expenses[B]	**876**	1,115
Less: non-recurring charges[C]	**(5)**	(40)
Ongoing charges	**3,688**	4,465
Average daily net assets	**402,438**	471,984
Ongoing charges ratio (excluding look-through costs)	**0.92%**	0.95%
Look-through costs[D]	**–**	–
Ongoing charges ratio (including look-through costs)	**0.92%**	0.95%

[A] See note 4 on page 82.
[B] See note 5 on page 83.
[C] Comprises professional fees not expected to recur.
[D] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

The ongoing charges ratio differs from the other ongoing costs figure reported in the Company's Key Information Document calculated in line with the PRIIPs regulations, which includes the ongoing charges ratio and the 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 assumes 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 assumes reinvesting the net dividend back into the share price of the Company on the date on which that dividend goes ex-dividend.

NAV total return

Year ended 30 June 2024	2024	2023
Opening NAV	**482.95p**	530.37p
Closing NAV	**556.19p**	482.95p
Increase/(decrease) in NAV	**73.24p**	–47.42p
% Increase/(decrease) in NAV	**15.2%**	–8.9%
Uplift from reinvestment of dividends[A]	**2.9%**	1.5%
NAV total return increase/(decrease)	**18.1%**	–7.4%

[A] The uplift from reinvestment of dividends assumes that the dividends of 8.0p in November 2023 and 3.7p in April 2024 (5.4p and 3.0p in 2022/23) paid by the Company were reinvested in the NAV of the Company on the ex-dividend date.

Alternative Performance Measures

Continued

Share price total return

Year ended 30 June 2024	2024	2023
Opening share price	**414.00p**	453.00p
Closing share price	**486.50p**	414.00p
Increase/decrease in share price	**72.50p**	–39.00p
% Increase/(decrease) in share price	**17.5%**	–8.6%
Uplift from reinvestment of dividends[A]	**3.5%**	1.8%
Share price total return increase/(decrease)	**21.0%**	–6.8%

[A] The uplift from reinvestment of dividends assumes that the dividends of 8.0p in November 2023 and 3.7p in April 2024 (5.4p and 3.0p in 2022/23) paid by the Company were reinvested in the shares of the Company on the ex-dividend date.

Corporate Information

The Company was incorporated in 1993 and has been managed by abrdn since August 2003.

Investments in the Home Construction sector represent 1.6% of the portfolio.

Information about the Investment Manager

abrdn

The Company's Investment Manager is abrdn Investment Management Limited which is a wholly-owned subsidiary of abrdn plc. The group's assets under management and administration were £505.9 billion as at 30 June 2024, managed for a range of clients including 14 UK-listed closed end investment companies.

The Investment Team Senior Managers

Abby Glennie

Deputy Head, Smaller Companies
Lead Manager of the Company

Abby Glennie is Deputy Head of the Smaller Companies Team at abrdn having been appointed to this role in March 2020. She is lead manager of the UK small and mid-cap funds. She was appointed as Co-Manager of the Company in November 2020 and Lead Manager in January 2023.

Abby joined abrdn in February 2013 as a member of the UK Equity Team, before transferring to the Smaller Companies Team in January 2016. Prior to this she worked at Kames Capital (previously Aegon Asset Management) as a Graduate Trainee Investment Manager.

Abby has an MA (First Class Hons) degree in Economics and Finance from the University of Aberdeen and is a CFA.

Amanda Yeaman

Investment Director, Smaller Companies
Deputy Manager of the Company

Amanda Yeaman is an Investment Director in the Smaller Companies Team at abrdn, providing research support, predominantly for the UK Smaller Companies strategy within abrdn, but also to the wider Smaller Companies Team. She was appointed as Deputy Manager of the Company in January 2023.

Amanda joined abrdn in 2019 from Investec, where she was a small and mid-cap equity sales specialist.

Amanda has an MA (Hons) degree in Economics and Accountancy from the University of Edinburgh and has the IMC.

Investor Information

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

The Company has appointed abrdn Fund Managers Limited as its Alternative Investment Fund Manager and BNP Paribas SA, London Branch as its Depositary under the AIFMD.

The AIFMD requires abrdn 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: **abrdnuksmallercompaniesgrowthtrust.co.uk.** The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 109.

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

abrdn has been contacted by investors informing it that it has received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for abrdn or for third party firms. abrdn has also been notified of emails claiming that certain investment companies under its 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 abrdn and any third party making such offers/claims has no link with abrdn.

abrdn 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 and end the call.

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 Registrar (see Contact Addresses). Changes of address must be notified to the Registrar in writing.

Any general queries about the Company should be directed to the Company Secretary in writing (see Contact Addresses) or by email to: **CEF.CoSec@abrdn.com.**

Closure of the abrdn Investment Trust Savings Plans (the "Plans")

In June 2023, abrdn notified investors in the abrdn Investment Trust ISA, Share Plan and Investment Plan for Children that these plans would be closing in December 2023. All investors with a holding or cash balance at that time transferred to interactive investor ("ii"). ii communicated with investors in November to set up account security to ensure that investors could continue to access their holdings via ii following the closure of the Plans.

Please contact ii for any ongoing support with your account on **0345 646 1366**, or **+44 113 346 2309** if you are calling from outside the UK. Lines are open 8.00am to 5.00pm Monday to Friday. Alternatively, you can access the ii website at: **www.ii.co.uk/abrdn-welcome.**

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 private investors, there are a number of online dealing platforms 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.**

Investor Information

Continued

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 at: **fca.org.uk/firms/financial-services-register.**

How to Attend and Vote at Company Meetings
Investors who hold their shares through a platform or share plan provider (for example Hargreaves Lansdown, Interactive Investor or AJ Bell) and would like to attend and vote at Company meetings (including AGMs) should contact their platform or share plan provider directly to make arrangements.

Investors who hold their shares through platforms and have their shares held through platform nominees, may not necessarily receive notification of general meetings and are advised to keep themselves informed of Company business by referring to the Company's website. Where voting is required, and the Board encourages shareholders to vote at all general meetings of the Company, shareholders with their holdings in nominees will need to instruct the nominee to vote on their behalf and should do so in good time before the meetings.

Keeping You Informed
Information about the Company can be found on its website: **abrdnuksmallercompaniesgrowthtrust.co.uk**, including share price and performance data as well as London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager. **Investors can receive updates via email by registering on the home page of the Company's website.**

The Company's Ordinary share price appears under the heading 'Investment Companies' in the Financial Times.

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

Twitter:

@abrdnTrusts

LinkedIn:

abrdn Investment Trusts

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

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 who are seeking long-term capital growth by investment in UK-quoted smaller companies, and who understand and are willing to accept the risks of exposure to equities.

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 its securities 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.

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 trust shares purchased will immediately be reduced by the difference between the buying and selling prices of the shares, known as the market maker's spread.

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

The information on pages 101 to 102 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 abrdn Investments Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms

abrdn Group or abrdn
The abrdn plc group of companies.

AIC
The Association of Investment Companies.

AIFMD
The UK version of the Alternative Investment Fund Managers Directive and all implementing and delegating legislation thereunder, as it forms part of UK law following the UK's departure from the EU. The AIFMD was originally European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU (and, now separately, the UK). The Company has been designated as an AIF.

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

Blue Sky Company
A company without a proven business track record as defined by revenues and profitability, where the value of the company is based on an idea without a tangible operating model to back it up. Most often these are found in the technology, biotech or resources sectors.

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

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

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

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

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

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

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

Earnings per Share or EPS
The net income after tax of the Company divided by the weighted average number of shares in issue during the year. In an Investment Trust this is made up of the sum of the Revenue EPS and Capital EPS.

FCA
Financial Conduct Authority.

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

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

Glossary of Terms

Continued

Investment Manager
abrdn Investment Management Limited is a subsidiary of abrdn plc and acts as the Company's investment manager. It is authorised and regulated by the FCA.

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

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

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

Manager, AIFM or aFML
abrdn Fund Managers Limited is a subsidiary of abrdn plc and acts as the Company's Alternative Investment Fund Manager. It is authorised and regulated by the FCA.

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

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

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

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

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

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

Prior Charges
The name given to all borrowings including debentures, loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment.

Record Date
The date when an investor needs to be holding a share in order to qualify for a forthcoming dividend.

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

Total Assets

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

Total Return

The theoretical return including reinvesting each dividend in additional shares in the Company on the day that the shares go ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the ex-dividend date.

Your Company's Share Capital History

Issued Share Capital at 30 June 2024

74,270,535	Ordinary shares of 25p (104,164,422 including treasury shares)

Treasury Shares at 30 June 2024

29,893,887	Ordinary shares

Share Capital History

Year ended 30 June 1994	The Company's authorised share capital on incorporation was £15,000,000, divided into 60,000,000 Ordinary shares of 25p each. On 19 August 1993, 50,000,000 Ordinary shares (with one Warrant attached for every five Ordinary shares) were issued at £1 each. On 25 March 1994, the authorised share capital of the Company was increased to £75,000,000 by the creation of 50,000,000 limited Conversion ("C") shares of £1 each and 40,000,000 Ordinary shares of 25p each. On 28 March 1994, a further 21,428,000 'C' shares were issued at £1 each, at par. On 7 June 1994, the C shares of £1 each were converted into Ordinary shares, resulting in the issue of 19,436,770 Ordinary shares (with one Warrant for every five Ordinary shares).
Year ended 30 June 2007	32,629,217 Ordinary shares purchased for cancellation and 117,791 Warrants cancelled following the tender offer which was approved by shareholders on 9 November 2006. 2,194,000 Ordinary shares purchased for cancellation.
Year ended 30 June 2008	559,175 Ordinary shares purchased to hold in treasury.
Year ended 30 June 2009	On 4 February 2009, as part of the merger with Gartmore Smaller Companies Trust plc ("Gartmore"), 31,189,825 Conversion ("C") shares issued to former Gartmore shareholders. On 14 April 2009, 27,545,948 of the C shares were converted into 26,273,612 Ordinary shares. On 11 June 2009, the remaining 3,643,877 C shares were converted into 3,687,639 Ordinary shares. 1,164,545 Warrants exercised as a result of the last exercise date of 30 September 2008, which resulted in the issue of the same number of new Ordinary shares. 1,732,965 Warrants lapsed without value.
Year ended 30 June 2011	3,670,243 Ordinary shares purchased to hold in treasury, 4,229,418 Ordinary shares sold from treasury and 825,000 new Ordinary shares issued. £25 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 ("CULS") issued.
Year ended 30 June 2012	425,000 new Ordinary shares issued. 22,003 new Ordinary shares issued as a result of the first conversion of CULS as at 30 September 2011. 5,346 new Ordinary shares issued as a result of the second conversion of CULS as at 31 March 2012.
Year ended 30 June 2013	1,650,000 new Ordinary shares issued. 4,679 new Ordinary shares issued as a result of the third conversion of CULS as at 30 September 2012. 11,404 new Ordinary shares issued as a result of the fourth conversion of CULS as at 31 March 2013.
Year ended 30 June 2014	2,900,000 new Ordinary shares issued. 1,038,382 new Ordinary shares issued as a result of the fifth conversion of CULS as at 30 September 2013. 779,216 new Ordinary shares issued as a result of the sixth conversion of CULS as at 31 March 2014.
Year ended 30 June 2015	2,307,155 Ordinary shares purchased to hold in treasury. 243,589 new Ordinary shares issued as a result of the seventh conversion of CULS as at 30 September 2014. 98,580 Ordinary shares issued from treasury as a result of the eighth conversion of CULS as at 31 March 2015.

Year ended 30 June 2016	3,470,930 Ordinary shares purchased to hold in treasury following the tender offer which completed on 28 July 2015. 669,513 Ordinary shares issued from treasury as a result of the ninth conversion of CULS as at 30 September 2015. 803,871 Ordinary shares issued from treasury as a result of the tenth conversion of CULS as at 31 March 2016.
Year ended 30 June 2017	443,818 Ordinary shares purchased to hold in treasury. 378,514 Ordinary shares issued from treasury as a result of the eleventh conversion of CULS as at 30 September 2016. 895,583 Ordinary shares issued from treasury as a result of the twelfth conversion of CULS as at 31 March 2017.
Year ended 30 June 2018	927,892 Ordinary shares issued from treasury as a result of the thirteenth conversion of CULS as at 30 September 2017. 4,658,405 new Ordinary Shares issued as a result of the final conversion of CULS as at 31 March 2018.
Year ended 30 June 2019	27,878,842 new Ordinary shares issued as a result of the merger with Dunedin Smaller Companies Investment Trust PLC which completed on 8 October 2018. 1,131,061 Ordinary shares purchased to hold in treasury.
Year ended 30 June 2020	520,213 Ordinary shares purchased to hold in treasury.
Year ended 30 June 2021	1,382,632 Ordinary shares purchased to hold in treasury.
Year ended 30 June 2022	4,670,519 Ordinary shares purchased to hold in treasury.
Year ended 30 June 2023	5,682,136 Ordinary shares purchased to hold in treasury.
Year ended 30 June 2024	14,059,376 Ordinary shares purchased to hold in treasury.

Your Company's Share Capital History

Continued

Share Capital History

Year ended 30 June	Ordinary shares bought back for cancellation	Ordinary shares bought back into treasury	Ordinary shares issued from treasury	Ordinary shares issued	Ordinary shares in issue (excluding treasury shares)	Convertible Unsecured Loan Stock issued (£)	Convertible Unsecured Loan Stock exercised (£)	Convertible Unsecured Loan Stock total (£)	Warrants exercised	Warrants bought back	Warrants lapsed	Total Warrants In issue
1994	–	–	–	–	69,436,770	–	–	–	–	–	–	13,886,996
1995	–	–	–	–	69,525,796	–	–	–	89,026	–	–	13,797,970
1996	–	–	–	–	69,527,676	–	–	–	1,880	–	–	13,796,090
1997	–	–	–	–	69,528,656	–	–	–	980	1,592,201	–	12,202,909
1998	–	–	–	–	69,529,717	–	–	–	1,061	6,075,144	–	6,126,704
1999	–	–	–	–	69,530,267	–	–	–	550	1,350,000	–	4,776,154
2000	–	–	–	–	69,543,990	–	–	–	13,723	1,671,143	–	3,091,288
2001	–	–	–	–	69,601,685	–	–	–	57,695	–	–	3,033,593
2002	2,200,000	–	–	–	67,403,646	–	–	–	1,961	–	–	3,031,632
2003	–	–	–	–	67,403,646	–	–	–	–	–	–	3,031,632
2004	–	–	–	–	67,403,646	–	–	–	–	–	–	3,031,632
2005	–	–	–	–	67,404,646	–	–	–	1,000	–	–	3,030,632
2006	–	–	–	–	67,404,746	–	–	–	100	–	–	3,030,532
2007	34,823,217	–	–	–	32,583,790	–	–	–	2,261	117,791	–	2,910,480
2008	–	559,175	–	–	32,037,585	–	–	–	12,970	–	–	2,897,510
2009	–	–	–	29,961,251	63,163,381	–	–	–	1,164,545	–	1,732,965	–
2010	–	–	–	–	63,163,381	–	–	–	–	–	–	–
2011	–	3,670,243	4,229,418	825,000	64,547,556	25,000,000	–	25,000,000	–	–	–	–
2012	–	–	–	452,349	64,999,905	–	64,929	24,935,071	–	–	–	–
2013	–	–	–	1,666,083	66,665,988	–	38,184	24,896,887	–	–	–	–
2014	–	–	–	4,717,598	71,383,586	–	4,312,437	20,584,450	–	–	–	–
2015	–	2,307,155	98,580	243,589	69,418,600	–	811,868	19,772,582	–	–	–	–
2016	–	3,470,930	1,473,384	–	67,421,054	–	3,495,770	16,276,812	–	–	–	–
2017	–	443,818	1,274,097	–	68,251,333	–	3,022,923	13,253,889	–	–	–	–
2018	–	–	927,892	4,658,405	73,837,630	–	13,253,889	–	–	–	–	–
2019	–	1,131,061	–	27,878,842	100,585,411	–	–	–	–	–	–	–
2020	–	520,213	–	–	100,065,198	–	–	–	–	–	–	–
2021	–	1,382,632	–	–	98,682,566	–	–	–	–	–	–	–
2022	–	4,670,519	–	–	94,012,047	–	–	–	–	–	–	–
2023	–	5,682,136	–	–	88,329,911	–	–	–	–	–	–	–
2024	–	14,059,376	–	–	74,270,535	–	–	–	–	–	–	–

AIFMD Disclosures (Unaudited)

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

There have been no material changes to the disclosures contained within the PIDD since its most recent update in August 2023.

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report, note 16 to the financial statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by aFML; and
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretary, abrdn Holdings Limited, on request, and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2023 are available on the Company's website.

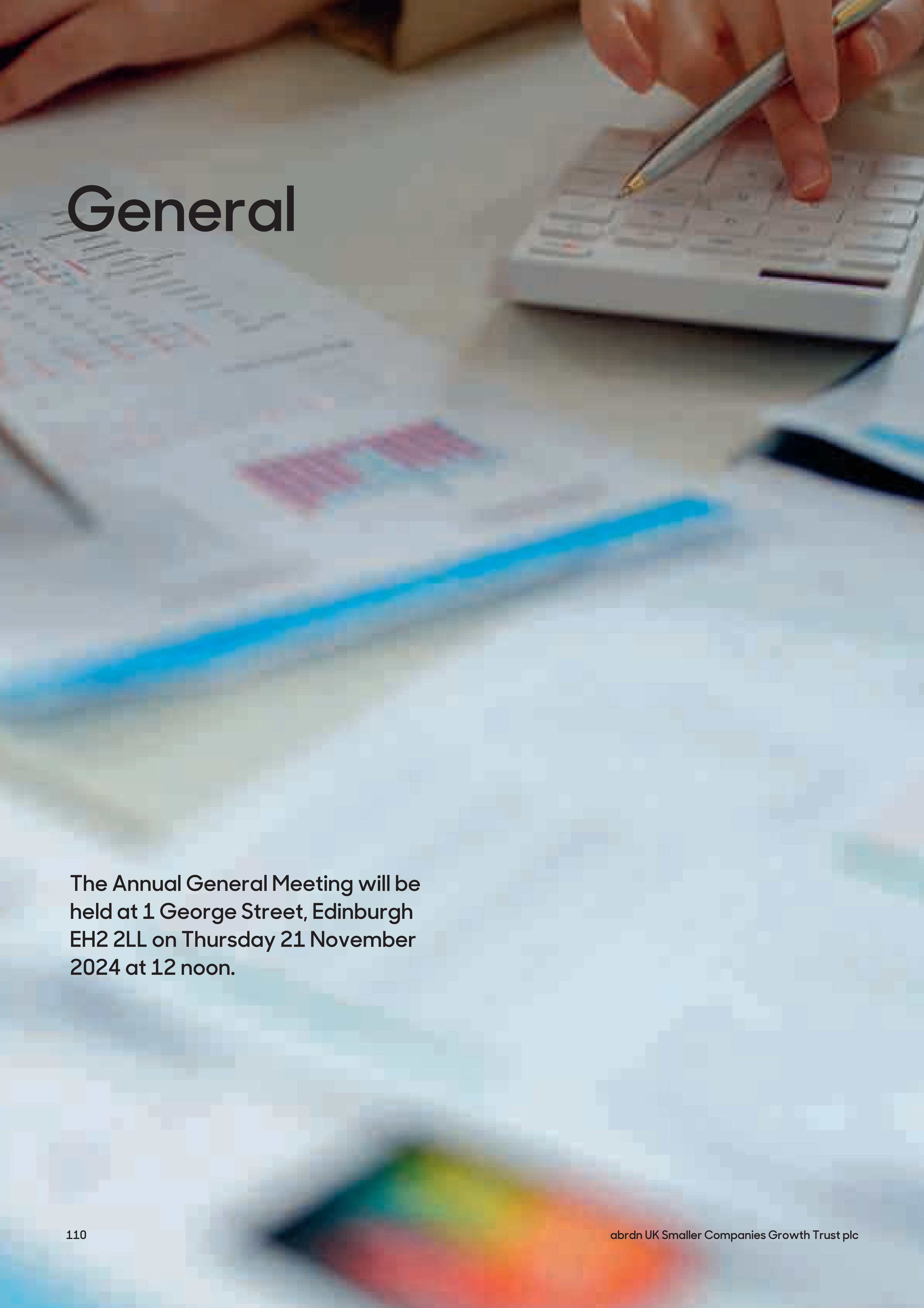
Leverage

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

	Gross Method	Commitment Method
Maximum level of leverage	3.00:1	2.00:1
Actual level at 30 June 2024	1.15:1	1.19:1

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

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



General

The Annual General Meeting will be held at 1 George Street, Edinburgh EH2 2LL on Thursday 21 November 2024 at 12 noon.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of abrdn UK Smaller Companies Growth Trust plc will be held at 1 George Street, Edinburgh EH2 2LL on Thursday 21 November 2024 at 12 noon for the following purposes:

Ordinary Business

As ordinary business, to consider and, if thought fit, pass the following resolutions, in the case of Resolutions 1 to 11 inclusive, as ordinary resolutions and, in the case of Resolutions 12 and 13, as special resolutions:

1. To receive and adopt the Directors' Report and audited financial statements of the Company for the financial year ended 30 June 2024, together with the Independent Auditor's report thereon.
2. To receive and approve the Directors' Remuneration Report for the financial year ended 30 June 2024 which appears on pages 59 to 62 of the Annual Report and Accounts for the financial year ended 30 June 2024 (other than the Directors' Remuneration Policy which appears on pages 59 to 60 of the Annual Report and Accounts).
3. To approve a final dividend for the financial year ended 30 June 2024 of 8.3 pence per Ordinary share.
4. To re-elect Manju Malhotra as a Director of the Company.
5. To re-elect Ashton Bradbury as a Director of the Company.
6. To re-elect Alexa Henderson as a Director of the Company.
7. To re-elect Tim Scholefield as a Director of the Company.
8. To re-elect Liz Airey as a Director of the Company.
9. To appoint Johnston Carmichael LLP as Independent Auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
10. To authorise the Directors to fix the remuneration of the Independent Auditor for the financial year to 30 June 2025.
11. **Authority to allot shares**
    That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the passing of this resolution, 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 ("Rights") 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 £1,843,172 (representing 10% of the Company's total issued share capital (excluding treasury shares) as at 4 September 2024), generally from time to time on such terms as the Directors may determine, such authority to expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution or on the expiry of 15 months from the date of passing of this resolution, whichever is the earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after the expiry of such authority and the Directors shall be entitled to allot shares or grant Rights in pursuance of such an offer or agreement as if such authority had not expired.

Notice of Annual General Meeting

Continued

12. **Disapplication of pre-emption rights**
That, subject to the passing of Resolution 11 set out in the notice of the 2024 annual general meeting (Resolution 11), and in substitution for any existing power but without prejudice to the exercise of any such power prior to the passing of this resolution, the Directors of the Company be and they are hereby generally and unconditionally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act"), to allot, or make offers or agreements to allot, equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11, and/or by way of a sale of treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, 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 date of passing of this resolution, whichever is the earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting save that the Company may, at any time prior to the expiry of this authority, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold out of treasury after such expiry and the Directors may allot or sell out of treasury equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

b) shall be limited to the allotment of equity securities and the sale of treasury shares up to an aggregate nominal amount of £1,843,172 (representing 10% of the Company's total issued share capital (excluding treasury shares) as at 4 September 2024).

This power shall apply in relation to the sale of equity securities for cash out of treasury as if in the opening paragraph of this resolution the words "subject to the passing of Resolution 11 set out in the notice of the 2024 annual general meeting (Resolution 11), and" were omitted.

13. **Authority to make market purchases of shares**
That, in substitution for any existing power but without prejudice to the exercise of any such power prior to the passing of this resolution, the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company (the "Shares") on such terms and in such manner as the directors of the Company may from time to time determine (either for cancellation or for retention as treasury shares for future reissue, resale, transfer or cancellation) provided always that:

a) the maximum aggregate number of Shares hereby authorised to be purchased is 11,051,664, or, if less, the number representing 14.99% of the issued ordinary share capital of the Company (excluding treasury shares) immediately prior to the passing of this resolution;

b) the minimum price (exclusive of expenses) which may be paid for each Share purchased pursuant to this authority shall be 25p (being the nominal value of a share);

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

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

Special Business

As special business, to consider and, if thought fit, pass Resolution 14 as an ordinary resolution and Resolutions 15 and 16 as special resolutions:

14. **Directors' fees**
    That the Company be authorised to increase the Directors' aggregate annual remuneration cap contained in Article 19.1 of the Articles of Association of the Company from £200,000 to £250,000, such increase to take effect from the conclusion of the Annual General Meeting.

15. **Tender offers**
    That, in addition to the authority given to the Company to purchase its own Ordinary shares of 25p each (the "Shares") pursuant to Resolution 13 set out above and in accordance with the terms and conditions of the tender offer(s) which may be set out in the circular to be sent electronically or, if requested in hard copy form to shareholders, the Company be and is hereby authorised for the purpose of Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of its issued Shares either for cancellation or for retention as treasury shares for future reissue, resale or transfer provided that:

    a) the maximum number of Shares hereby authorised to be purchased pursuant to one or more tender offer(s) is 7,372,691, or, if less, the number representing 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of this resolution;

    b) the price which shall be paid for a Share pursuant to any such tender offer made by the Company under the authority conferred hereby shall be an amount equal to 98% of realisation value of all the assets attributable to the Shares tendered as at the latest practicable time before such tender offer; and

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

16. **Notice of general meeting**
    That a general meeting (other than an Annual General Meeting) of the Company may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company.

By order of the Board
abrdn Holdings Limited
Company Secretary
1 George Street
Edinburgh EH2 2LL
4 September 2024

Registered Office
1 George Street
Edinburgh EH2 2LL

Notice of Annual General Meeting

Continued

Notes

i. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her or on his/her behalf at the meeting. A proxy need not be a shareholder. The shareholder may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman of the meeting) and give instructions directly to them. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should, or if you would like to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC on 0370 889 4076. In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

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

iii. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at close of business on 19 November 2024 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of Ordinary shares registered in their name at that time. In each case, changes to entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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

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

vi. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 12 noon on 19 November 2024 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

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

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

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

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

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

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

xiv. As at 6.00pm on 4 September 2024 (being the last practicable date prior to publication of this notice) the Company's issued share capital comprised 73,726,911 Ordinary shares of 25p each and 30,437,511 Ordinary shares held in treasury. Each Ordinary share (other than any Ordinary shares held in treasury) carries the right to one vote at a general meeting of the Company. Accordingly, the total number of voting rights in the Company as at 4 September 2024 was 73,726,911.

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

xvi. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

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

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

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

xvii. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website: **www.abrdnuksmallercompaniesgrowthtrust.co.uk**

Notice of Annual General Meeting

Continued

xviii. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note xix below, may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) the resolution must not be defamatory of any person, frivolous or vexatious; and (iii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than six weeks before the meeting to which the requests relate.

xix. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note xix below, may, subject to certain conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) the matter of business must not be defamatory of any person, frivolous or vexatious; and (ii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (c) must be accompanied by a statement setting out the grounds for the request; (d) must be authenticated by the person or persons making it; and (e) must be received by the Company not later than six weeks before the meeting to which the requests relate.

xx. In order to be able to exercise the members' right to require: (i) circulation of a resolution to be proposed at the meeting (see note xvii); or (ii) a matter of business to be dealt with at the meeting (see note xviii), the relevant request must be made by: (a) a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or (b) at least 100 members having a right to vote at the meeting and holding shares in the Company on which there has been paid up an average sum, per member, of at least £100.

Contact Addresses

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Ashton Bradbury
Alexa Henderson
Manju Malhotra
Tim Scholefield

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