Aberdeen Standard Capital Falcon Fund

Annual Long Report
For the year ended 28 February 2021

Contents

* Collectively, these items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ('the Sourcebook').

Fund Profile and Information

Manager
John Ewen and John Hair

Launch date
9 July 1998

FCA Product Reference Number
The fund's FCA Product Reference Number is 186703.

Investment objective
To generate growth over the long term (5 years or more) by investing in global equities (company shares).

Performance target: To exceed the ARC Private Client Indices (PCI) Equity Risk Net Return Index per annum after charges over rolling 3 year periods. The performance target is the level of performance the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the performance target.

The manager believes this is an appropriate target for the fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the fund.

Investment policy
Portfolio Securities
- The fund invests at least 70% in equities and equity related securities of companies listed on global stock exchanges.
- The fund may also from time to time adopt temporary defensive positions in response to adverse market conditions and invest up to 10% in bonds (loans to companies or governments).
- The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), money-market instruments and cash.

Management Process
- The management team use their discretion (active management) to maintain a diverse asset mix at country, sector and stock level.
- Their primary focus is on stock selection using research techniques to select individual holdings. The research process includes identifying companies where the management team have a different view of a company's prospects to that of the market or looking for high quality companies at attractive valuations that can be held for the long term.
- In seeking to achieve the performance target, a composite index, details of which are provided below, is used as a reference point for portfolio construction and as a basis for setting risk constraints. The expected variation ("tracking error") between the returns of the fund and the composite index, is not ordinarily expected to exceed 6%. Due to the fund's risk constraints, the intention is that the fund's performance profile will not deviate significantly from that of the composite index over the longer term.
- Composite Index: 30% FTSE All-Share Index, 70% FTSE World ex UK Index.

Derivatives and Techniques
- The fund may use derivatives to reduce risk, to reduce cost and/or generate additional income or growth consistent with the risk profile of the fund (often referred to as "efficient portfolio management").
- Derivative usage in the fund is expected to be very limited. Where derivatives are used, this would mainly be in response to significant inflows into the fund so that in these instances, cash can be invested while maintaining the fund's existing allocations to company shares.

Reporting dates	
Interim	31 August
Annual	28 February (29 February in a leap year)

Distribution record dates	
Interim	31 August
Annual	28 February (29 February in a leap year)

Payment dates	
Two clear business days before	
Interim	31 October
Annual	30 April

Fund Profile and Information
Continued

Fund Information			
Manager	**Registered Office**	**Correspondence Address**	**Directors of the Manager**
Aberdeen Standard Fund Managers Limited	Bow Bells House 1 Bread Street London EC4M 9HH	PO Box 12233 Chelmsford Essex CM99 2EE	Mr Jamie Matheson Mr Gary Marshall Ms Allison Donaldson Mr Aron Mitchell Ms Carolan Dobson
Investment Adviser	**Sub-Adviser**	**Registrar**	**Independent Auditor**
Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL	Aberdeen Standard Capital Limited 1 George Street Edinburgh EH2 2LL	SS&C Financial Services Europe Limited SS&C House St Nicholas Lane Basildon Essex SS15 5FS	KPMG LLP St Vincent Plaza 319 St Vincent Street Glasgow G2 5AS
Trustee	**Registered Office**	**Address for Correspondence**	
Citibank Europe plc UK Branch	1 North Wall Quay Dublin Ireland	UK Branch Office Citigroup Centre Canada Square Canary Wharf London E14 5LB	

Keeping you informed
You can keep up to date with the performance of your investments by visiting our website aberdeenstandardcapital.com. Alternatively, if you would rather speak to us, please call 0345 113 6966 (+44 (0) 1268 445 488 if outwith the UK) between 8:30am and 5:30pm Monday to Friday.

Significant events
Investors will be aware of the COVID-19 outbreak and that the outlook for many capital markets has been volatile since 28 February 2021, the year-end of Aberdeen Standard Capital Falcon Fund. Whilst the impact of COVID-19 was reflected in fund operations and global markets at year end, the continued efforts to mitigate the pandemic through global lockdowns and government interventions have resulted in prolonged market uncertainty. As a result, the NAV of the fund has fluctuated since the year-end. The subsequent events note within the financial statements provides a quantification of this fluctuation in NAV.

The Management Company has delegated various tasks to Aberdeen Standard Investments Investor Protection Committee (IPC). The IPC is responsible for ensuring the fair treatment of investors. The IPC undertakes daily reviews of the following:

- Market liquidity across each asset class and fund;
- Asset class bid-offer spread monitoring;
- Review of fund level dilution rate appropriateness;
- Review of daily subscriptions/redemptions to anticipate any potential concerns to meet redemption proceeds;
- Any requirement to gate or defer redemptions;
- Any requirement to suspend the/a fund(s);
- Any fair value price adjustments at a fund level.

The Management Company has also evaluated, and will continue to evaluate, the operational resilience of all service providers.

As at 24 May 2021, the fund has not been suspended and based on the Manager's assessment of the factors noted above, has adequate financial resources to continue in operation.

Fund Profile and Information
Continued

Developments and prospectus updates since 1 March 2020

- On 31 March 2020 the Transfer Agent of the fund changed it's name from DST Financial Services Europe Limited to SS&C Financial Services Europe Limited and updated it's mailing address as a result of this. There was no impact to the fund as a result of this change.
- On 3 February 2021 the prospectus was updated in relation to the wording and contact details of the complaints information, to recognise the UK leaving the European Union, additional wording within the Derivative Risks section to provide further clarity and a refresh of the taxation sections of the prospectus.
- The list of funds managed by the Manager was updated, where appropriate;
- Performance and dilution figures were refreshed, where appropriate;
- The list of sub-delegates was refreshed, where appropriate.
- The list of eligible markets was refreshed, where appropriate.

Assessment of value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA Policy Statement PS18/8 and came into effect from 30 September 2019. As a result, Aberdeen Standard Fund Managers Limited is required to perform a detailed assessment on whether our funds are "providing value to investors". The resulting findings will be published within 4 months of the fund year end date and can be found on the 'Fund Centre' pages of our website.

Statement of Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Trust and of the net revenue and net capital gains or losses on the property of the Trust for the period.

In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so;
- 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
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, the Prospectus and the COLL Rules.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Manager's Statement

The Manager is Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority for investment business.

Aberdeen Standard Capital Falcon Fund is an Authorised Unit Trust Scheme under section 243 of the Financial Services and Markets Act 2000.

The fund is certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive allowing the Manager to market the fund in member states of the European Union subject to relevant local laws.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where the fund has a negative total return but a positive net revenue position, there will be a distribution.

Names and addresses of the Manager, Trustee, Registrar, Investment Adviser and Auditor are contained on page 2 of the Annual Long Report. The investment objective of the fund is disclosed within the Fund Profile and Information, and the investment activities are disclosed within the Investment Report. Copies of the most recent Prospectus are available online at aberdeenstandardcapital.com.

We hereby certify the Annual Long Report on behalf of the Directors of Aberdeen Standard Fund Managers Limited.

Aron Mitchell
Director
Aberdeen Standard Fund Managers Limited
24 May 2021

Gary Marshall
Director
Aberdeen Standard Fund Managers Limited
24 May 2021

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of Aberdeen Standard Capital Falcon Fund for the year ended 28 February 2021

The Trustee is responsible for the safekeeping of all property of the Trust which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;

(ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and

(iii) has, otherwise, ensured the proper operation of the Trust.

L McCulloch

Citibank Europe plc, UK Branch
London
24 May 2021

Independent Auditor's Report to the Unitholders of Aberdeen Standard Capital Falcon Fund ('the Trust')

Opinion

We have audited the financial statements of the Trust for the year ended 28 February 2021 which comprise the *Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables* for the Trust and the accounting policies set out on pages 24 to 25.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the Trust as at 28 February 2021 and of the net revenue and the net capital gains on the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

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 have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the Trust or to cease their operations, and as they have concluded that the Trust'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 their 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").

In our evaluation of the Manager's conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Manager's 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 Manager's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

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 Trust will continue in operation.

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 Trust'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 Manager, the Trustee, the Administrator and the investment adviser;
- Reading board minutes.

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 principally non-judgemental and based on publicly available information, with limited opportunity for manipulation. We did not identify any additional fraud risks.

We evaluated the design and implementation of the controls over journal entries and other adjustments and made inquiries of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. We substantively tested all material post-closing entries and, based on

Independent Auditor's Report to the Unitholders of Aberdeen Standard Capital Falcon Fund ('the Trust')
Continued

the results of our risk assessment procedures and understanding of the process, including the segregation of duties between the Manager and the Administrator, no further high-risk journal entries or other adjustments were identified.

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 Manager and the Administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

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

Firstly, the Trust is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related authorised fund legislation maintained by the Financial Conduct Authority) and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Trust 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 and bribery and corruption legislation recognising the Trust's activities. 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.

Other information
The Manager (Aberdeen Standard Fund Managers Limited) is 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; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities
As explained more fully in their statement set out on page 4, the Manager is responsible for: the preparation of financial statements that 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Unitholders of Aberdeen Standard Capital Falcon Fund ('the Trust')
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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.**

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders 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 Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Archer

Grant Archer
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Vincent Plaza
319 St Vincent Street
Glasgow
G2 5AS
24 May 2021

Investment Report

Manager: John Ewen and John Hair

Market commentary

Equity markets rebounded in the second quarter of 2020 almost as rapidly as they had fallen in the first. The US equity market recorded its best quarter since 1998 and the NASDAQ ended the period at a new high despite economists warning us we were facing the worst recession in generations with large swathes of the economy facing considerable uncertainty and disruption. Looking beneath the surface, the headline equity market returns belied a significant divergence in the performance of individual sectors, reflecting the broad range of resilience they had to Covid-19 and their outlooks. The rally was fuelled by unprecedented levels of monetary and fiscal stimulus. Across western economies, interest rates were at historic lows and central bank action was supportive. Meanwhile, governments announced enormous stimulus packages that helped to support income levels while economies remained shut.

As the year progressed the 'new normal' involved facial coverings and quarantine. The rebound in equity markets that started in late March continued for much of the summer. The pace was far more muted and realistic, punctuated by bursts of volatility. In the second quarter, equity markets raced ahead in anticipation of a recovery. In the third quarter, markets fretted over second waves of the virus, an end to government and central-bank support and rising tensions between the US and China. On the flip side, equities gained after the US Federal Reserve announced a change to its methodology that removed the shackles from inflation, a policy shift that signalled that the era of rock-bottom interest rates was here to stay – a positive for risk assets.

The equity market playing field was far from even though. The third quarter highlighted the benefits of investing on a global basis and active stock selection. Outperformance of Asian equities reflected the rapid recovery of these economies so far from the pandemic and the relatively effective management of subsequent spikes. Strong performance of large technology stocks was one of the main drivers of the US market. By late August, the S&P 500 had reached new highs and the market capitalisation of Apple was bigger than the UK equity market (FTSE 100). The latter lagged all regions with an additional level of uncertainty in the form of Brexit continuing to cast a shadow.

During the fourth quarter positive vaccine news, a contentious US presidential election and nail-biting Brexit finale headlined added momentum to the equity market rally that traced its roots back to the dark days of late March. It was a remarkable recovery and a welcome finish to one of the most challenging years in living memory. The news in November that three vaccines were effective in tackling Covid-19 signalled a path back to normality, which added momentum to the equity rally and pushed the US stock market to an all-time high by the year-end.

The news on the ground, of course, was far more sobering with the second wave of Covid-19 straining the capacity of health services around the world and new variants have adding further uncertainty. From a regional perspective, emerging markets and Asia led global equities during the quarter. They benefited from renewed hopes of a cyclical recovery, a falling dollar and increase in global trade activity. Joining the cyclical rebound, the commodity-heavy UK equity market outperformed global equities for the first time that year. In the US, the prospect of a less confrontational presidency under Joe Biden was taken positively by the markets. However, the tech-heavy US equity market, which has benefited most from the shift online during 2020, underperformed those markets more attuned to a cyclical recovery.

2021 saw a continuation of the risk on rally initially in January but this faded as the month progressed, ending with the worst week for equities since October. The final tally at the end of a volatile month was that all asset classes delivered a negative return, with little divergence between equities and fixed income. In terms of sector divergence, the shift in sentiment as the month progressed resulted in no clear distinction between pro-cyclicals and defensives over the month. Oil continued to lead followed by technology and healthcare while industrials, financials and utilities lagged. Earnings season also informed sector performance. February saw a return of the rotation into cyclical 'value' which led to a high level of divergence in the performance of different sectors with energy, financials, consumer discretionary and materials generating returns of 6-11% and utilities, healthcare and consumer staples flat to declining. This rotation was reflected in the strong outperformance of European equities, the Nikkei and the Dow Jones Industrial. The high commodity composition of the FTSE All Share (+2%) meant that it also materially outperformed the FTSE World ex UK (+0.6%) during the month.

Performance

The fund ended the twelve month period up 20.9% net of the full retail fee. This was comfortably ahead of the benchmark return of 14.9% and the private client peer group indicator (ARC Equity Risk PCI estimate) which rose 13.9%.

We remain true to our 'quality, sustainable growth' approach. The fund is focused on investments that are underpinned by structural growth trends, high-quality balance sheets and management, and good visibility on how they will achieve growth. The resilience of this approach meant that portfolios weathered the market falls and start of the market recovery in the first three quarters of 2020 relatively well.

The fund also participated in the equity market rally; it rose in value, albeit to a lesser degree than the broader market. As vaccine approvals became imminent in November, areas of the market most sensitive to a recovery in the economic cycle led the market. Our approach is designed to lock in growth that is less dependent on the economic cycle and more sustainable over the long term.

As active managers, we took steps during the period to increase exposure to stocks that should benefit from the recovery but are also underpinned by structural growth, specifically within industrials, the train manufacturer Alstom and electrical component manufacturer Schneider, which performed strongly.

Investment Report
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In addition, the packaging company DS Smith benefitted from a recovery in industry and more stable pricing, and CRH rose on a recovery in building and construction as well as being a beneficiary of fiscal stimulus.

The fund's outperformance can mainly be attributed to the positioning within the financial sector and the strong outperformance of the stocks held in the technology and utilities sectors. The fund was materially underweight the bank sector which produced a negative return over the period, whilst the only bank the fund held, First Republic Bank, outperformed significantly, rising 51%. Within technology, it was demand for semiconductors that led the sector. The Taiwanese manufacturer Taiwan Semiconductor Manufacturing was a top contributor to relative return (rising 119%), followed closely by the Dutch lithography company ASML (up 91%). In utilities, diversification into renewable energy continued to benefit the fund's performance with Ørsted up 48% despite falling back in 2021.

In the mining sector Rio Tinto rose 84%, whilst recent addition BHP gained 32%. Despite lagging the recent cyclical rally, Amazon still gained 50% over the 12 months. The market is increasingly focused on the scope for pent up consumer demand to be unleashed as Covid restrictions are unwound. This has helped drive both Hermes International (+64%) as well as Estee Lauder (+42%) higher. Whilst all video game producers benefitted from a surge in the number of gamers under lock down, Activision Blizzard proved highly effective at monetising their content, resulting in the shares gaining 52%.

Activity
The pandemic has prompted a number of structural changes to the way in which we go about our lives, with technology leading the way. Fortunately our sustainable growth approach led us to invest in many of the beneficiaries of these trends well before the pandemic hit, such as Amazon, whilst we were able to add opportunistically to stocks on our wish list, such as Hermes International and West Pharmaceutical Services, when stocks sold off in the spring of 2020. West Pharmaceutical Services is a leading global designer and manufacturer of technologically advanced containment and delivery services for injectable medicines. The company has a 'sticky' recurring revenue stream and good visibility on future earnings. Growth is supported by demographics, including aging populations, growing incidences of chronic conditions, and rising middle classes demanding more complex drugs. It also benefits from outsourcing – the trend towards biologics that require special packaging, delivery and sterility, high regulatory burden and efficiency. Understandably, the stock trades on a premium valuation, which is justified given the long-term track record of meeting or beating expectations. Hermes International is another stock that historically merits a rich valuation. The luxury accessories and apparel retailer has a long heritage and very strong brand, which supports enduring pricing power. Another purchase was Alstom, the French industrial company that has transformed itself into one of the leading providers of rail equipment. The company should benefit from increasing urbanisation and shifting consumer sentiment towards greener modes of transport. It will also be supported by fiscal spend on infrastructure, the replacement of aging equipment and market liberalisation within the rail industry. The company has exited its legacy power business and bolstered its balance sheet.

Taking advantage of the setback in its shares, we initiated a position in Ashmore, an emerging markets (EM) focused asset manager. The company is well positioned to benefit from both structural and cyclical growth in EM. Many investors are increasing their allocation to the asset class in search of higher yields and faster growth. The company's enviable performance track record significantly lowers the threat to Ashmore from passive investors. Indeed, more than 95% of its assets under management have outperformed their benchmarks over three years. Ashmore has a very robust balance sheet and a safe dividend yield of more than 4%, which is highly attractive in the current environment.

A deep review of Procter & Gamble highlighted just how much progress the company has made since CEO David Taylor took the helm. The company is now firing on all cylinders after focusing on fewer, trusted brands, which has led to an impressive uplift in organic growth. We therefore bought a position in the company as we believe the stock should prove resilient in the current uncertain environment.

In Q3 we purchased the Chinese company Tencent. Tencent is exposed to several structurally growing areas, including online ads, online games, social networks, cloud and payments. The business is well-diversified, as each of its four main segments are broadly similar in size. The company has been a net beneficiary of COVID-19 due to its heavy exposure to stay-at-home trends, but has recently been caught in the crossfire between the US-China, after President Trump issued an executive order to ban WeChat. We took advantage of the weakness in the shares triggered by the US-China trade tensions to start building a position, given that Tencent is currently driven more by domestic rather than international growth, with the US only representing 3% of group revenues at present.

As the year progressed we initiated new positions in several equities with a focus upon diversifying the fund and adding some more cyclical exposure. At the same time, wary of increasing valuations in technology and utility stocks, we continued to take profits in a number of these holdings, including Microsoft, Taiwan Semiconductor Manufacturing, ASML, Equinix and Ørsted. Given the arrival of vaccines and a clearer path to economic recovery, we were keen to further increase exposure to economically sensitive companies that are also beneficiaries of structural growth, so added to our existing positions in names such as Schneider Electric, Alstom, Ashmore and D S Smith. We also introduced Generac, a leading designer and manufacturer of power generation equipment and power products. The company is set to benefit from the rise in demand for back-up power solutions both in residential and commercial settings as we witness the impact of an increase in extreme weather events

Investment Report
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linked to climate change. This is at a time when the requirement for secure power is moving beyond powering our homes, to powering our vehicles and looking further ahead, to powering the 5G networks that future technology will rely on. Power outage hours in the US have risen by 30% per year since 2014, with 70% now being caused by extreme weather events. Generac is a key beneficiary of these trends. The role of renewables in the energy mix is expanding rapidly and in 2019 Generac launched a clean energy battery storage solution. The company's solid execution in the residential generator market combined with its strong balance sheet, free cash flow generation and well-regarded management team should be key differentiators to replicate its success in the rapidly evolving solar storage market. We also bought Shimano, a high-quality bicycle parts manufacturer with a leading market position, cash-rich balance sheet and decent profitability record.

Within the mining sector we reinstated BHP which had underperformed Rio Tinto. BHP is well positioned with long-life, low cost and well invested assets in low risk jurisdictions, has a strong balance sheet and is slightly more diversified, with less reliance on iron ore, than Rio Tinto, which we trimmed marginally in order to manage our overall exposure to the mining sector. In the medical technology space, we increased our holding in Medtronic after a positive meeting with management, where the new CEO/Chairman Geoff Martha is invigorating the company with his "Martha plan". We also participated in Countryside Properties' placing, designed not just to shore up the company's balance sheet but also to accelerate investment in the Partnership business given the opportunities which management have identified.

Towards the end of 2020 we reduced the underweight stance in the oil sector (bringing the weighting closer to neutral) by increasing our holdings in BP and Royal Dutch Shell. Total, which had outperformed the former significantly, was sold at this juncture.

Outlook

The global economic outlook is dominated by two conflicting forces: the impact of the intense second wave of Covid-19 in Europe and North America, and the recent news of highly effective vaccines, which raises the likelihood of an eventual return to 'normal' life. The prospect of a number of vaccines being rolled out offers an eventual 'escape hatch' out of the pandemic and its economics effects. However, hurdles lie ahead. A multi-year, sustained effort will be required to achieve global inoculation, which will be subject to manufacturing, distribution and compliance challenges. We can't help but temper some of the recent vaccine optimism.

We believe a meaningful loosening of the current Covid restrictions is unlikely to get underway until well into the first quarter of 2021. However from mid-2021 onwards, the global economy should start to benefit strongly from the vaccine rollout. Trade barriers between the US and China are unlikely to ratchet rapidly lower, but foreign policy will at least no longer be done 'via tweet', with a less volatile and more multilateral approach pursued instead. This should be positive for animal spirits across the broader emerging markets. We think China is the large economy emerging from the pandemic in the strongest shape. Successful containment of the virus and a stimulative policy stance mean its economy has already surpassed pre-pandemic levels. Domestic vaccine efforts are also bearing fruit. That said, the focus of policy in China will progressively move away from fighting Covid-19 towards managing financial risks, de-escalating tensions with the US and achieving its long-term growth and emissions targets.

We continue to concentrate on companies underpinned by long-term structural growth. We seek to identify businesses that will benefit from shifting trends, while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets and can create value by generating cash flow in excess of their operational requirements tend to generate stronger, more sustainable returns. They are usually better positioned to reinvest in their businesses and distribute earnings to shareholders. These types of companies merit long-term positions in portfolios regardless of shorter-term sentiment.

February 2021

Risk and Reward Profile

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards						Higher risk Typically Higher rewards
1	2	3	4	**5**	6	7

This indicator reflects the volatility of the fund's unit price over the last five years which in turn reflects the volatility of the underlying assets in which the fund invests. Historical data may not be a reliable indication for the future.

The current rating is not guaranteed and may change if the volatility of the assets in which the fund invests changes. The lowest rating does not mean risk free.

The fund is rated as 5 because of the extent to which the following risk factors apply:

- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.
- The fund invests in emerging market equities and/or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

Comparative Tables

	2021 pence per unit	2020 pence per unit	2019 pence per unit
Accumulation Units			
Change in net assets per unit			
Opening net asset value per unit	432.97	392.15	397.95
Return before operating charges*	92.86	47.54	0.35
Operating charges	(7.42)	(6.72)	(6.15)
Return after operating charges*	85.44	40.82	(5.80)
Distributions	(1.56)	(2.95)	(3.35)
Retained distributions on accumulation units	1.56	2.95	3.35
Closing net asset value per unit	518.41	432.97	392.15
* after direct transaction costs of:	0.40	0.21	0.32
Performance			
Return after charges	19.73%	10.41%	(1.46%)
Other information			
Closing net asset value (£'000)	4,779	3,637	4,083
Closing number of units	921,836	839,955	1,041,231
Operating charges	1.53%	1.53%	1.54%
Direct transaction costs	0.08%	0.05%	0.08%
Prices			
Highest unit price	542.1	484.3	432.9
Lowest unit price	371.7	394.0	359.3

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.
Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2021 pence per unit	2020 pence per unit	2019 pence per unit
Income Units			
Change in net assets per unit			
Opening net asset value per unit	368.65	336.10	343.80
Return before operating charges*	78.38	40.58	0.48
Operating charges	(6.21)	(5.77)	(5.30)
Return after operating charges*	72.17	34.81	(4.82)
Distributions	(0.95)	(2.26)	(2.88)
Closing net asset value per unit	439.87	368.65	336.10
* after direct transaction costs of:	0.34	0.18	0.28
Performance			
Return after charges	19.58%	10.36%	(1.40%)
Other information			
Closing net asset value (£'000)	6,446	6,052	5,506
Closing number of units	1,465,574	1,641,684	1,638,197
Operating charges	1.53%	1.53%	1.54%
Direct transaction costs	0.08%	0.05%	0.08%
Prices			
Highest unit price	460.0	412.8	374.0
Lowest unit price	316.3	337.7	308.3

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.
Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2021 pence per unit	2020 pence per unit	2019 pence per unit
Z Units (Net Income)			
Change in net assets per unit			
Opening net asset value per unit	68.38	62.34	63.75
Return before operating charges*	14.55	7.51	0.11
Operating charges	(0.02)	(0.02)	(0.02)
Return after operating charges*	14.53	7.49	0.09
Distributions	(1.12)	(1.45)	(1.50)
Closing net asset value per unit	81.79	68.38	62.34
* after direct transaction costs of:	0.06	0.03	0.05
Performance			
Return after charges	21.25%	12.01%	0.14%
Other information			
Closing net asset value (£'000)	43,167	37,455	31,498
Closing number of units	52,777,756	54,778,171	50,525,536
Operating charges	0.03%	0.03%	0.04%
Direct transaction costs	0.08%	0.05%	0.08%
Prices			
Highest unit price	85.96	77.11	69.80
Lowest unit price	58.71	62.65	57.46

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.
Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2021 pence per unit	2020 pence per unit	2019 pence per unit
Z Units (Accumulation)			
Change in net assets per unit			
Opening net asset value per unit	82.26	73.48	73.46
Return before operating charges*	17.56	8.81	0.05
Operating charges	(0.03)	(0.03)	(0.03)
Return after operating charges*	17.53	8.78	0.02
Distributions	(1.34)	(1.71)	(1.73)
Retained distributions on accumulation units	1.34	1.71	1.73
Closing net asset value per unit	99.79	82.26	73.48
* after direct transaction costs of:	0.08	0.04	0.06
Performance			
Return after charges	21.31%	11.95%	0.03%
Other information			
Closing net asset value (£'000)	147,326	107,387	110,801
Closing number of units	147,638,199	130,542,193	150,792,089
Operating charges	0.03%	0.03%	0.04%
Direct transaction costs	0.08%	0.05%	0.08%
Prices			
Highest unit price	104.3	91.99	80.43
Lowest unit price	70.65	73.84	67.15

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.
Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2021 pence per unit	2020 pence per unit	2019 pence per unit
M Units (Net Accumulation)			
Change in net assets per unit			
Opening net asset value per unit	76.86	69.38	69.77
Return before operating charges*	15.89	8.03	0.09
Operating charges	(0.58)	(0.55)	(0.48)
Return after operating charges*	15.31	7.48	(0.39)
Distributions	(3.53)	(1.99)	(1.27)
Retained distributions on accumulation units	3.53	1.99	1.27
Closing net asset value per unit	92.17	76.86	69.38
* after direct transaction costs of:	0.07	0.04	0.06
Performance			
Return after charges	19.92%	10.78%	(0.56%)
Other information			
Closing net asset value (£'000)	1	1	–[A]
Closing number of units	1,334	1,334	200
Operating charges	0.68%	0.68%	0.69%
Direct transaction costs	0.08%	0.05%	0.08%
Prices			
Highest unit price	96.44	86.77	76.18
Lowest unit price	66.66	69.74	63.45

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.
The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.
Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.
Highest and Lowest prices are based on official published daily NAVs.
[A] The closing net asset value of the M Units (Net Accumulation) is £139.

Portfolio Statement
as at 28 February 2021

Holding	Investment	Market value £'000	Percentage of total net assets
Equities (94.65%)		**193,945**	**96.15**
European Equities (23.47%)		**50,673**	**25.13**
Denmark (2.59%)		**5,136**	**2.55**
44,156	Ørsted	5,136	2.55
France (2.51%)		**13,071**	**6.48**
107,003	Alstom	3,840	1.90
2,702	Hermes	2,166	1.08
35,207	Schneider Electric	3,754	1.86
56,438	Ubisoft Entertainment	3,311	1.64
Ireland (7.68%)		**14,019**	**6.95**
28,144	Accenture	5,049	2.50
18,746	Allegion	1,458	0.72
110,094	CRH	3,406	1.69
49,084	Medtronic	4,106	2.04
Italy (2.37%)		**4,129**	**2.05**
606,644	Enel	4,129	2.05
Netherlands (2.42%)		**5,569**	**2.76**
13,785	ASML	5,569	2.76
Switzerland (5.90%)		**8,749**	**4.34**
54,644	Nestle	4,102	2.04
29,146	Novartis	1,800	0.89
12,095	Roche	2,847	1.41

Portfolio Statement
as at 28 February 2021 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Japanese Equities (0.00%)		**1,942**	**0.96**
12,200	Shimano	1,942	0.96
North American Equities (37.80%)		**73,080**	**36.23**
United States (37.80%)		**73,080**	**36.23**
56,251	Activision Blizzard	3,844	1.91
3,327	Alphabet 'A'	4,807	2.38
2,259	Amazon.com	4,993	2.48
22,984	American Tower REIT	3,551	1.76
35,732	Apple	3,098	1.54
119,409	Boston Scientific	3,311	1.64
125,959	Comcast	4,743	2.35
18,414	Eli Lilly	2,696	1.34
5,976	Equinix REIT	2,768	1.37
17,105	Estee Lauder	3,496	1.73
48,199	First Republic Bank	5,680	2.82
18,966	Generac	4,468	2.21
18,058	Mastercard	4,567	2.26
43,285	Microsoft	7,188	3.56
77,544	NextEra Energy	4,075	2.02
31,509	Procter & Gamble	2,783	1.38
26,949	Visa	4,094	2.03
14,553	West Pharmaceutical Services	2,918	1.45
Pacific Basin Equities (9.88%)		**27,120**	**13.44**
Australia (1.50%)		**4,888**	**2.42**
215,407	BHP	4,888	2.42
China (2.63%)		**9,100**	**4.51**
13,808	Alibaba ADR	2,348	1.16
400,961	Ping An Insurance 'H'	3,521	1.75
52,900	Tencent	3,231	1.60

Portfolio Statement
as at 28 February 2021 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Hong Kong (1.36%)		**2,490**	**1.23**
278,216	AIA	2,490	1.23
Taiwan (4.39%)		**10,642**	**5.28**
81,111	Taiwan Semiconductor Manufacturing ADR	7,320	3.63
112,500	Voltronic Power Technology	3,322	1.65
UK Equities (23.50%)		**41,130**	**20.39**
Basic Materials (1.48%)		**3,429**	**1.70**
55,434	Rio Tinto	3,429	1.70
Consumer Goods (3.86%)		**3,890**	**1.93**
835,907	Countryside Properties	3,890	1.93
Consumer Services (2.56%)		**3,666**	**1.82**
216,668	RELX	3,666	1.82
Financials (5.06%)		**6,522**	**3.23**
715,916	Ashmore	2,951	1.46
253,634	Prudential	3,571	1.77
Health Care (6.33%)		**10,392**	**5.15**
158,086	Abcam++	2,680	1.33
49,153	AstraZeneca	3,413	1.69
68,253	Dechra Pharmaceuticals	2,340	1.16
164,546	GlaxoSmithKline	1,959	0.97

Portfolio Statement
as at 28 February 2021 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Industrials (1.50%)		**4,236**	**2.10**
1,066,303	Smith (DS)	4,236	2.10
Oil & Gas (2.71%)		**8,995**	**4.46**
1,185,113	BP	3,457	1.71
399,190	Royal Dutch Shell 'B'	5,538	2.75
Total investment assets		193,945	96.15
Net other assets		7,774	3.85
Total Net Assets		**201,719**	**100.00**

All investments are listed on recognised stock exchanges and are approved securitieswithin the meaning of the FCA rules.
The percentage figures in brackets show the comparative holding as at 29 February 2020.
++ AIM listed.

Financial Statements

Statement of Total Return
for the year ended 28 February 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Income:					
Net capital gains	3		31,101		14,184
Revenue	4	2,903		3,579	
Expenses	5	(210)		(203)	
Interest payable and similar charges		(2)		(2)	
Net revenue before taxation		2,691		3,374	
Taxation	6	(265)		(234)	
Net revenue after taxation			2,426		3,140
Total return before distributions			**33,527**		**17,324**
Distributions	7		(2,450)		(3,140)
Change in net assets attributable to unitholders from investment activities			**31,077**		**14,184**

Statement of Change in Net Assets Attributable to Unitholders
for the year ended 28 February 2021

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Opening net assets attributable to unitholders		**154,532**		**151,888**
Amounts receivable on the issue of units	31,063		15,191	
Amounts payable on the cancellation of units	(16,837)		(29,056)	
		14,226		(13,865)
Change in net assets attributable to unitholders from investment activities (see above)		31,077		14,184
Retained distribution on accumulation units		1,884		2,325
Closing net assets attributable to unitholders		**201,719**		**154,532**

Financial Statements
Continued

Balance Sheet
as at 28 February 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Assets:					
Fixed assets:					
Investment assets			193,945		146,257
Current assets:					
Debtors	8	537		776	
Cash and bank balances	9	7,527		7,900	
			8,064		8,676
Total assets			**202,009**		**154,933**
Liabilities:					
Creditors	10	(58)		(74)	
Distribution payable		(232)		(327)	
			(290)		(401)
Total liabilities			**(290)**		**(401)**
Net assets attributable to unitholders			**201,719**		**154,532**

Notes to the Financial Statements

Accounting Policies

For the year ended 28 February 2021

1 Accounting Policies

a. Basis of preparation

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 (IMA SORP 2014), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Manager has considered the impact of the emergence and spread of COVID-19 and potential implications on future operations of the fund of reasonably plausible downside scenarios. The Manager has undertaken a detailed assessment, and continues to monitor, the fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the fund continues to be open for trading and the fund is satisfied the fund has adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b. Valuation of investments

Listed investments have been valued at fair value as at the close of business on 28 February 2021. The SORP defines fair value as the market value of each security, in an active market, this is generally the quoted bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the Managers best estimate of the amount that would be received from an immediate transfer at arm's length. The Manager has appointed a FVP committee to review valuations.

Collective Investment Schemes are valued by reference to their net asset value. Dual priced funds have been valued at the cancellation price. Single priced funds have been valued using the single price

Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.

c. Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates as at the close of business on the reporting date.

Foreign currency transactions are translated at the rates of exchange ruling on the date of such transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

d. Dilution

In certain circumstances (as detailed in the Prospectus) the Manager may apply a dilution adjustment on the issue or cancellation of units, which is applied to the capital of the fund on an accruals basis. The adjustment is intended to protect existing investors from the costs of buying or selling underlying investments as a result of large inflows or outflows from the fund.

e. Revenue

Dividends on equities and preference stocks are recognised when the securities are quoted ex-dividend, or in the case of unquoted securities when the dividend is declared.

Overseas dividends are grossed up at the appropriate rate of withholding tax and the tax consequences are shown within the tax charge.

Revenue from collective investment schemes is recognised when the investments are quoted ex dividend.

Accumulation distributions from shares held in collective investment schemes are reflected as revenue and form part of the distribution.

Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

Revenue from offshore funds is recognised when income is reported by the offshore fund operator.

Interest on bank deposits is recognised on an accruals basis.

Stock dividends are recognised as revenue when they are quoted ex dividend. In the case of enhanced stock dividends, the value of the enhancement is recognised as capital.

Notes to the Financial Statements
Continued

Special dividends may be treated as repayments of capital or as revenue dependent on the facts of the particular case. Where receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend will be recognised as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends are recognised as revenue.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the shares underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant shares.

Management fee rebates from collective investment schemes are recognised as revenue or capital on a consistent basis to how the underlying scheme accounts for the management fee. Where such rebates are revenue in nature, the income forms part of the distribution.

For dividends received from US Real Estate Investment Trusts ("REITs"), on receipt of the capital/revenue split from the REITs, the allocation of the dividend is adjusted within the financial statements.

f. **Expenses**
All expenses other than those relating to the purchase and sale of investments are charged against revenue on an accruals basis in the Statement of Total Return.

Expenses relating to the purchases of investments are charged to the cost of investment and expenses relating to the sales of investments are deducted from the proceeds on sales.

g. **Taxation**
Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses.

Overseas dividends are disclosed gross of any foreign tax suffered and the tax element is separately disclosed in the taxation note.

The tax accounting treatment follows that of the principal amount, with charges or reliefs allocated using the marginal basis regardless of any alternative treatment that may be permitted in determining the distribution.

Any windfall overseas tax reclaims received are netted off against irrecoverable overseas tax and therefore the irrecoverable overseas tax line in the taxation note may be negative.

Deferred taxation is provided on all timing differences that have originated but not reversed by the balance sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

h. **Distributions**
All of the net revenue available for distribution at the year end will be distributed. Where the fund has accumulation unitholders, this will be reinvested. Where the fund has income unitholders, this will be paid.

Where the Manager has discretion about the extent to which revenue and expenses are recognised within the distributable income property of the fund, the approach adopted, at all times, will be governed by the aim of maximising the total return to unitholders through limiting avoidable taxation costs.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. Cash flows associated with derivative transactions are allocated between the revenue and capital property of the sub-funds according to the motives and circumstances of the particular derivative strategy. The investment manager articulates the motives and circumstances underlying the derivative strategy and the Manager assesses these in association with financial reporting constraints enshrined within the SORP to allocate the cash flows accordingly.

i. **Equalisation**
Equalisation appears within the fund report as part of the distribution. This represents the net revenue in the funds unit price attached to the issue and cancellation of units. It will form part of any distributions at the period end attributable to unitholders.

j. **Derivatives**
The fund may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return.

Notes to the Financial Statements
Continued

2 Risk management policies

Generic risks that the Aberdeen Standard Investments (ASI) range are exposed to and the risk management techniques employed are disclosed below. Numerical disclosures and specific risks, where relevant, are disclosed within the financial statements.

The Financial Conduct Authority (FCA) Collective Investment Schemes Sourcebook (COLL) and FCA Funds Sourcebook (FUND) rules require the Management Company to establish, implement and maintain an adequate and documented Risk Management Process (RMP) for identifying the risks they manage, or might be, exposed to. The RMP must comprise of such procedures as are necessary to enable ASI to assess the exposure of each fund it manages to market risk, liquidity risk, counterparty risk, operational risk and all other risks that might be material.

ASI functionally and hierarchically separates the functions of risk management from the operating units and portfolio management functions, to ensure independence and avoid any potential or actual conflicts of interest. The risk management function has the necessary authority, access to all relevant information, staff and regular contact with senior management and the Board of Directors of the Company. The management of investment risk within ASI is organised across distinct functions , aligned to the well-established 'three lines of defence' model.

1. Risk ownership, management and control.
2. Oversight of risk, compliance and conduct frameworks.
3. Independent assurance, challenge and advice.

The risk management process involves monitoring funds on a regular and systematic basis to identify, measure and monitor risk and where necessary escalate appropriately, including to the relevant Board, any concerns and proposed mitigating actions.

The risk team, in line with client expectations and the investment process, develops the risk profiles for the funds in order to set appropriate risk limits. Regulatory limits as well as those agreed, are strictly enforced to ensure that ASI does not inadvertently (or deliberately) breach them and add additional risk exposure. In addition, there is an early warnings system of potential changes in the portfolio risk monitoring triggers. Where possible, these are coded into the front office dealing system, in a pre-trade capacity, preventing exposures or breaching limits before the trade is actually executed.

Risk Definitions & Risk Management Processes

i) Market Risk is the risk that economic, market or idiosyncratic events cause a change in the market value of Client assets. Market Risk can be broadly separated into two types:

(1) Systematic risk stems from any factor that causes a change in the valuation of groups of assets. These factors may emerge from a number of sources, including but not limited to economic conditions, political events or actions, the actions of central banks or policy makers, industry events or, indeed, investor behaviour and risk appetite.

(2) Specific or Idiosyncratic Risk, which is the part of risk directly associated with a particular asset, outside the realms of, and not captured by Systematic Risk. In other words, it is the component of risk that is peculiar to a specific asset, and may manifest itself in various guises, for example: corporate actions, fraud or bankruptcy.

Portfolios are subject to many sub-categories of market risk. Many of these risks are interlinked and not mutually exclusive. Examples of these types of investment risk include: Country risk; Sector risk; Asset-class risk; Inflation/deflation risk; Interest rate risk; Currency risk; Derivatives risk; Concentration risk; and Default risk. Factors that cause changes in market risks include: future perceived prospects (i.e. changes in perception regarding the future economic position of countries, companies, sectors, etc.); shifts in demand and supply of products and services; political turmoil, changes in interest rate/inflation/taxation policies; major natural disasters; recessions; and terrorist attacks.

There are several ways in which to review and measure investment risk. The risk team recognises that each method is different and has its own unique insights and limits, and applies the following measurements for each fund, where relevant:

- **Leverage:** has the effect of gearing a fund's expected performance by allowing it to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).
- **Value-at-Risk (VaR) and Conditional VaR (CVaR):** VaR measures with a degree of confidence the maximum the fund could expect to lose in any given time frame. Assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund's returns. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected tail loss, under the assumption that the VaR has been reached.

Notes to the Financial Statements
Continued

- **Volatility, Tracking Error (TE):** Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. TE measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.
- **Risk Decomposition:** Volatility, tracking error and VaR may be broken down to show contribution from market related factors ("Systematic" Risk) and instrument specific (Idiosyncratic Risk). This is not a different measure as such, but is intended to highlight the sources of volatility and VaR.
- **Concentration Risk:** By grouping the portfolio into various different exposures (e.g. country, sector, issuer, asset, etc.), we are able to see where, if any, concentration risk exists.
- **Stress Tests and Scenario Analysis:** This captures how much the current portfolio will make or lose if certain market conditions occur.
- **Back Testing:** This process helps to assess the adequacy of the VaR model and is carried out in line with UCITS regulatory requirements (FCA COLL 6.12). Excessive levels of overshoots and the reasons behind them are reported to the Board.

To generate these risk analytics the risk team relies on third party calculation engines, such as APT, Bloomberg PORT+, RiskMetrics, UBS Delta and Axioma. Once the data has been processed, it is analysed by the risk team, generally reviewing absolute and relative risks, change on month and internal peer analysis. Any issues or concerns that are raised through the analysis prompt further investigation and escalation if required. Breaches of hard limits are also escalated immediately. All client mandated and regulatory risk limits are monitored on a daily basis.

Stress tests are intended to highlight those areas in which a portfolio would be exposed to risk if the current economic conditions were likely to change. An economic event may be a simple change in the direction of interest rates or return expectations, or may take the form of a more extreme market event such as one caused through military conflict. The stress test itself is intended to highlight any weakness in the current portfolio construction that might deliver unnecessary systematic exposure if the market were to move abruptly.

Stress testing is performed on a regular basis using relevant historical and hypothetical scenarios.

ii) **Liquidity risk** is defined as the risk that a portfolio may need to raise cash or reduce derivative positions on a timely basis either in reaction to market events or to meet client redemption requests and may be obliged to sell long term assets at a price lower than their market value. Liquidity is also an important consideration in the management of portfolios: Portfolio Managers need to pay attention to market liquidity when sizing, entering and exiting trading positions.

Measuring liquidity risk is subject to three main dimensions:

- Asset Liquidity Risk – how quickly can assets be sold.
- Liability Risk - managing redemptions as well as all other obligations arising from the liabilities side of the balance sheet.
- Contingency Arrangements or Liquidity Buffers – utilising credit facilities etc.

Liquidity Risk Management Framework
ASI has a liquidity risk management framework in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity assessment and liquidity stress testing is typically performed monthly, monitoring both the asset and liability sides. Asset side stressed scenarios are considered based on the nature of different asset classes and their liquidity risks to demonstrate the effects of a market stress on the ability to sell-down a fund. Liability side analysis includes stress scenarios on the investor profile as well as liabilities on the balance sheet. Any particular concerns noted or liquidity risk limit breaches are escalated to the relevant Committees and Boards, if material.

iii) **Counterparty credit risk** is the risk of loss resulting from the fact that the counterparty to a transaction may default on its obligations prior to the final settlement of the transaction's cash flow. Credit risk falls into both market risk and specific risk categories. Credit risk is the risk that an underlying issuer may be unable (or unwilling) to make a payment or to fulfil their contractual obligations. This may materialise as an actual default or, or to a lesser extent, by a weakening in a counterparty's credit quality. The actual default will result in an immediate loss whereas, the lower credit quality will more likely lead to mark-to-market adjustment.

Notes to the Financial Statements
Continued

Transactions involving derivatives are only entered into with counterparties having an appropriate internal credit rating that has been validated by the credit research team and approved by the relevant credit committee. Appropriate counterparty exposure limits will be set and agreed by these committees and the existing credit exposures will be assessed against these limits.

iv) **Operational Risk**
Operational risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes the breakdown of processes to comply with laws, regulations or directives.

Operational Risk Management
An Operational Risk Management Framework is in place to identify, manage and monitor appropriate operational risks, including professional liability risks, to which the Management Company and the funds are or could be reasonably exposed. The operational risk management activities are performed independently as part of one of the functions of the Risk Division.

The Group's Risk Management Framework is based upon the Basel II definition of operational risk which is "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events".

The Group's management of operational risk is therefore aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. The Group has developed a framework that embodies continuous improvement to internal controls and ensures that the management of risk is embedded in the culture of the Group.

The identification, management, monitoring and resolution of events, risks and controls are facilitated via the Group's risk management system, Shield. The system is designed to facilitate the convergence of governance, risk and compliance programmes and automate a comprehensive review and assessment of operational risks.

3 Net Capital Gains

	2021 £'000	2020 £'000
Non-derivative securities	31,157	14,240
Other losses	(49)	(52)
Transaction charges	(7)	(4)
Net capital gains	**31,101**	**14,184**

4 Revenue

	2021 £'000	2020 £'000
Bank and margin interest	6	54
Overseas dividends	1,721	1,753
Overseas REIT	146	136
UK dividends	1,030	1,636
Total revenue	**2,903**	**3,579**

Notes to the Financial Statements
Continued

5 Expenses

	2021 £'000	2020 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	167	154
Registration fees	1	1
	168	155
Payable to the Trustee or associates of the Trustee, and agents of either of them:		
Safe custody fee	9	7
Trustee fees	21	25
	30	32
Other:		
Audit fee	10	11
Professional fees	2	5
	12	16
Total expenses	**210**	**203**

Irrecoverable VAT is included in the above expenses where relevant.

6 Taxation

		2021 £'000	2020 £'000
(a)	**Analysis of charge in year**		
	Overseas taxes	265	234
	Total taxation	**265**	**234**

(b) **Factors affecting current tax charge for the year**

The tax assessed for the year is less than the standard rate of corporation tax in the UK for authorised Unit Trusts (20%). The differences are explained below:

	2021 £'000	2020 £'000
Net revenue before taxation	2,691	3,374
Corporation tax at 20% (2020: 20%)	538	675
Effects of:		
Revenue not subject to taxation	(550)	(678)
Overseas taxes	265	234
Overseas tax expensed	(4)	(4)
Excess allowable expenses	16	7
Total tax charge for year (note 6a)	**265**	**234**

Authorised Unit Trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Notes to the Financial Statements
Continued

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,320,000 (2020: £2,304,000) due to surplus expenses. It is unlikely that the fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

7 Distributions (including the movement between net income and distributions)

	2021 £'000	2020 £'000
Interim distribution	1,471	1,852
Final distribution	1,015	1,237
	2,486	3,089
Add: Income deducted on cancellation of units	56	138
Deduct: Income received on issue of units	(92)	(87)
Net distribution for the year	**2,450**	**3,140**
Movement between net revenue and distributions		
Net revenue after taxation	2,426	3,140
Shortfall transfer from capital to revenue	24	-
Total distributions	**2,450**	**3,140**

Details of the distribution per unit are set out in this fund's distribution tables.

8 Debtors

	2021 £'000	2020 £'000
Accrued revenue	293	310
Amounts receivable from the Manager for the issue of units	166	395
Overseas withholding tax recoverable	78	71
Total debtors	**537**	**776**

9 Liquidity

	2021 £'000	2020 £'000
Cash and bank balances		
Cash at bank	507	7,354
Deposits with original maturity of less than 3 months	7,020	546
Net liquidity	**7,527**	**7,900**

Notes to the Financial Statements
Continued

10 Creditors

	2021 £'000	2020 £'000
Accrued expenses payable to the Manager	15	12
Accrued expenses payable to the Trustee or associates of the Trustee	4	2
Amounts payable to the Manager for cancellation of units	29	48
Other accrued expenses	10	12
Total creditors	**58**	**74**

11 Related Party Transactions

Aberdeen Standard Fund Managers Limited, as Manager, is a related party and acts as principal in respect of all transactions of units in the fund.

The aggregate monies received through issue and paid on cancellation of units are disclosed in the statement of change in net assets attributable to unitholders.

Any amounts due from or due to Aberdeen Standard Fund Managers Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to Aberdeen Standard Fund Managers Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

12 Portfolio Transaction Costs

	Purchases		Sales	
Trades in the year	**2021 £'000**	**2020 £'000**	**2021 £'000**	**2020 £'000**
Equities	44,199	28,507	28,436	36,984
Corporate actions	658	2	-	83
Trades in the year before transaction costs	**44,857**	**28,509**	**28,436**	**37,067**
Commissions				
Equities	22	14	(15)	(20)
Total commissions	**22**	**14**	**(15)**	**(20)**
Taxes				
Equities	107	37	(3)	(6)
Total taxes	**107**	**37**	**(3)**	**(6)**
Total transaction costs	**129**	**51**	**(18)**	**(26)**
Total net trades in the year after transaction costs	**44,986**	**28,560**	**28,418**	**37,041**

Notes to the Financial Statements
Continued

	Purchases		Sales	
	2021 %	2020 %	2021 %	2020 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.05	0.05	0.05	0.05
Taxes				
Equities	0.24	0.13	0.01	0.02

	2021 %	2020 %
Total transaction costs expressed as a percentage of net asset value		
Commissions	0.02	0.02
Taxes	0.06	0.03

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.05% (2020: 0.06%), this is representative of the average spread on the assets held during the year.

13 Units in issue reconciliation

	Opening units 2020	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2021
Accumulation Units	839,955	932,707	(850,826)	-	921,836
Income Units	1,641,684	45,891	(289,184)	67,183	1,465,574
Z Units (Net Income)	54,778,171	3,209,593	(4,848,914)	(361,094)	52,777,756
Z Units (Accumulation)	130,542,193	25,924,723	(8,828,717)	-	147,638,199
M Units (Net Accumulation)	1,334	-	-	-	1,334

14 Fair Value Hierarchy

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Fair value of investment assets	2021 £'000 Level 1	2021 £'000 Level 2	2021 £'000 Level 3	2020 £'000 Level 1	2020 £'000 Level 2	2020 £'000 Level 3
Equities	193,945	-	-	146,257	-	-
Total investment assets	**193,945**	**-**	**-**	**146,257**	**-**	**-**

Notes to the Financial Statements
Continued

15 Risk Management Policies and Disclosures

The risks inherent in the fund's investment portfolio are as follows:

Foreign currency risk

Fluctuations in the foreign exchange rates can adversely affect the value of a portfolio. The following table details the net exposure to the principal foreign currencies that the fund is exposed to including any instruments used to hedge against foreign currencies, if applicable.

Currency	Net foreign currency exposure 2021 £'000	Net foreign currency exposure 2020 £'000
Australian Dollar	-	2,322
Danish Krone	5,170	4,035
Euro	22,814	11,315
Hong Kong Dollar	9,242	4,052
Japanese Yen	1,963	-
Swiss Franc	8,912	9,291
Taiwan Dollar	3,560	2,783
US Dollar	93,630	74,077
Total	**145,291**	**107,875**

At 28 February 2021, if the value of Sterling increased or decreased by 5% against all other currencies, with all other variables remaining constant, then the change in net assets attributable to unitholders from investment activities will increase or decrease by approximately £7,265,000 (2020: £5,394,000).

Interest rate risk

The majority of the fund's financial assets are in non-interest bearing assets. Therefore, the fund's exposure to interest rate risk is considered insignificant. This is consistent with the exposure during the prior year.

Other price risk

The fund invests principally in equities. The value of equities is not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments spread across all market sectors in line with the fund objectives. In addition, the management of the fund complies with the Financial Conduct Authority's COLL sourcebook, which includes rules limiting the size of investment in any particular holding.

As at 28 February 2021, if the prices of investments held by the fund increased or decreased by 5%, with all other variables remaining constant, then net assets attributable to the unitholders would increase or decrease by approximately £9,697,000 (2019: £7,313,000).

Financial derivatives instrument risk

The fund had no exposure to derivatives as at 28 February 2021 (2020: Nil).

Liquidity risk

All of the fund's financial liabilities are payable on demand or in less than one year, 2021 £290,000 (2020: £401,000).

16 Subsequent Events

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV per unit of the Accumulation Units class has increased by 2.7% (to 14 May 2021). Contingency plans at the Manager and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution Tables

For the year ended 28 February 2021 (in pence per unit)

Interim dividend distribution

Group 1 - units purchased prior to 1 March 2020

Group 2 - units purchased between 1 March 2020 and 31 August 2020

	Revenue	Equalisation	Distribution paid 28/10/20	Distribution paid 31/10/19
Accumulation Units				
Group 1	1.5622	-	1.5622	2.1991
Group 2	0.3611	1.2011	1.5622	2.1991
Income Units				
Group 1	0.9463	-	0.9463	1.8849
Group 2	-	0.9463	0.9463	1.8849
Z Units (Net Income)				
Group 1	0.6782	-	0.6782	0.8622
Group 2	0.3180	0.3602	0.6782	0.8622
Z Units (Accumulation)				
Group 1	0.8094	-	0.8094	1.0162
Group 2	0.4062	0.4032	0.8094	1.0162
M Units (Net Accumulation)				
Group 1	1.0573	-	1.0573	0.8699
Group 2	1.0573	-	1.0573	0.8699

Distribution Tables
Continued

Final dividend distribution Group 1 - units purchased prior to 1 September 2020 Group 2 - units purchased between 1 September 2020 and 28 February 2021				
	Revenue	Equalisation	Distribution paid 28/04/21	Distribution paid 28/04/20
Accumulation Units				
Group 1	-	-	-	0.7495
Group 2	-	-	-	0.7495
Income Units				
Group 1	-	-	-	0.3763
Group 2	-	-	-	0.3763
Z Units (Net Income)				
Group 1	0.4389	-	0.4389	0.5848
Group 2	0.1231	0.3158	0.4389	0.5848
Z Units (Accumulation)				
Group 1	0.5303	-	0.5303	0.6929
Group 2	0.2754	0.2549	0.5303	0.6929
M Units (Net Accumulation)				
Group 1	2.4754	-	2.4754	1.1226
Group 2	2.4754	-	2.4754	1.1226

Equalisation
This applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Remuneration Policy (unaudited)

Remuneration Policy

The Standard Life Aberdeen plc Remuneration Policy applies with effect from 1 January 2018. The purpose of the Standard Life Aberdeen plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of Standard Life Aberdeen. It has been approved by the Standard Life Aberdeen plc Remuneration Committee and is subject to the Remuneration Committee's annual review. The Policy applies to employees of the Standard Life Aberdeen group of companies ("SLA").

The Management Company, Aberdeen Standard Fund Managers Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is a wholly owned subsidiary of Standard Life Aberdeen plc.

The Remuneration Committee of Standard Life Aberdeen plc adopted a UCITS V Remuneration Policy to ensure that the requirements of the Undertakings for Collective Investment Transferrable Securities V Directive (UCITS V) are fully adhered to by the group. This policy applies to Aberdeen Standard Fund Managers Limited and the UCITS Funds it manages. This policy is available on request.

Remuneration Principles

SLA applies Group wide principles for remuneration policies, procedures and practices ensuring that remuneration design and the basis for awards will be clear, transparent and fair, in line with business strategy, objectives, culture, values and long term interests of SLA. Remuneration policies, procedures and practices should be consistent with and promote good conduct which includes sound and effective risk management and not encourage risk taking that exceeds the level of tolerated risk of SLA. Total variable remuneration will be funded through pre-agreed distribution metrics. Where SLA's financial performance is subdued or negative, total variable remuneration should generally be contracted, taking into account both current remuneration and reductions in pay-outs of amounts previously granted and having regard for SLA's long term economic viability.

In addition to applying the SLA wide principles above, Aberdeen Standard Investments ("ASI") applies a number of additional principles including the following, when determining remuneration for employees:

a) Remuneration should be competitive and reflect both financial, non-financial and personal performance;

b) Our remuneration design will align the interests of employees, shareholders and importantly our clients/customers;

c) Our remuneration structure will reward delivery of results over appropriate time horizons and will include deferred variable compensation at an appropriate level for the employee's role;

d) We will provide an appropriate level of fixed remuneration to balance risk and reward.

Governance and Regulatory Compliance

The Remuneration Committee is made up of independent non-executive directors and makes recommendations to the Board of Standard Life Aberdeen plc (the "Board") to assist it with its remuneration related duties. The Chief Human Resources Officer of Standard Life Aberdeen is responsible for ensuring the implementation of the Policy in consultation with the Remuneration Committee as well as other members of the Executive Committee ("Executive Body") (as defined by the Board), if appropriate.

Financial and non-financial criteria

Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account. Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

Conflicts of interest

The Conflicts of Interest Policy is designed to avoid conflicts of interest between SLA and its clients. This Policy prohibits any employee from being involved in decisions on their own remuneration. Furthermore, all employees are required to adhere to SLA's Global Code of Conduct, which encompasses conflicts ofinterest.

The Policy should, at all times, adhere to local legislation, regulations or other provisions. In circumstances or in jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions, then the latter will prevail.

Remuneration Framework

Employee remuneration is composed principally of fixed and variable elements of reward as follows:

a) Fixed reward (fixed remuneration: salary (and cash allowances, if appropriate); and Benefits (including pension).

b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements) and senior employees may also be awarded a long-term incentive award).

Remuneration Policy (unaudited)
Continued

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

a) Fixed and variable components of total remuneration are appropriately balanced and

b) The fixed component is a sufficiently high proportion of total remuneration to allow Standard Life Aberdeen to operate a fully flexible policy on variable remuneration components, including paying no variable remuneration component.

Fixed Remuneration	Base salary provides a core reward for undertaking the role, where appropriate, and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration.
Benefits	Benefits are made up of: core benefits, which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees and which may require contribution through salary sacrifice or other arrangements. Extra voluntary benefits are designed to support the health and wellbeing of employees through enabling individual selection based on lifestyle choices. Standard Life Aberdeen will ensure that the core and voluntary employee benefits policies are in line with relevant market practice, its views on managing its business risk objectives, culture and values and long-term interests and local requirements.
Pension	Standard Life Aberdeen's pension policies (which consist of defined contribution plans and legacy defined benefit plans) are in line with legislative requirements, governance structures and market practice, and reflect Standard Life Aberdeen's long-term views on risk and financial volatility, its business objectives, culture and values and long-term interests and local requirements. In certain circumstances, SLA may offer a cash allowance in lieu of any pension arrangement.
Annual Performance Bonus Awards	Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Eligibility criteria for an annual bonus are set out in the rules of the relevant bonus plan and/or contract of employment, as appropriate. The bonus plan in place is designed to reward performance in line with the business strategy, objectives, culture and values, long term interests and risk appetite of SLA. All Executive Directors are awarded bonuses under a SLA bonus plan as detailed in the Directors' Remuneration Report.
Other variable Pay Plans	Selected employees may participate in other variable pay plans, for example, performance fee share arrangements, where it is appropriate for their role or business unit. These plans operate under the overarching remuneration principles that apply across the group and, where appropriate, are also subject to specific principles governing incentives and are compliant with the requirements of any applicable regulatory standards.

Clawback/Malus
A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

Guaranteed Variable Remuneration
Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of service.

UCITS V Identified Staff
Staff considered UCITS V Identified Staff are those categories of staff whose professional activities have a material impact on the decision making profiles of the Management Company or the UCITS Funds that the Management Company manages.

UCITS V identified staff will include; Senior Management; Decision makers, Staff engaged in control functions; and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and decision makers, and whose professional activities have a material impact on the risk profiles of the Company or the Funds that the Company manages.

Control Functions
SLA adheres to the principles and guidelines of regulations that apply to SLA in defining control functions. control functions include, but are not necessarily limited to, Risk, Compliance, Internal Audit and Actuarial functions or roles.

Remuneration Policy (unaudited)
Continued

SLA will ensure that, as appropriate, senior employees engaged in a control function:

a) Are independent from the Business Units they oversee;

b) Have appropriate authority, and

c) Their remuneration is directly overseen by the Remuneration Committee.

This is achieved by the main control functions being outside the business, and a material proportion of their annual incentives being subject to a scorecard based on the performance of the control function. Performance against the scorecard is reviewed by the relevant independent governing committee (either Risk & Capital Committee, or Audit Committee). SLA's People Function reviews the remuneration of employees in control functions and benchmarks with the external market to ensure that it is market competitive and adequately reflects employees' skills and experience.

Personal Hedging
UCITS V Identified Staff are not permitted to undermine the risk alignment effects of the UCITS V Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration.

Employee Remuneration Disclosure
The table below provides an overview of the following:

- Aggregate total remuneration paid by Aberdeen Standard Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by Aberdeen Standard Fund Managers Limited to its 'Identified Staff'.

The 'Identified Staff' of Aberdeen Standard Fund Managers Limited are those employees who could have a material impact on the risk profile of Aberdeen Standard Fund Managers Limited or the UCITS Funds it manages, including Aberdeen Standard Capital Falcon Fund.

This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from **1 January 2020 to 31 December 2020** inclusive.

Aberdeen Standard Capital Falcon Fund	**Headcount**	**Total Remuneration £'000**	**UCITS proportion £'000**[4]
Aberdeen Standard Fund Managers Limited staff[1]	**137**	**33,224**	**56**
of which			
Fixed remuneration		24,540	41
Variable remuneration		8,684	15
Carried Interest		NIL	
Aberdeen Standard Fund Managers Limited 'Identified Staff'[2]	**199**	**7,456**	**31**
of which			
Senior Management 3	9	723	3
Other 'Identified Staff'	190	6,733	28

[1] As there are a number of individuals indirectly and directly employed by Aberdeen Standard Fund Managers Limited this figure represents an apportioned amount of SLA's total remuneration fixed and variable pay, apportioned to the relevant UCITS Fund on an AUM basis, plus any carried interest paid by the UCITS Fund. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

[2] The Identified Staff disclosure represents total compensation of those staff of the Management Company who are fully or partly involved in the activities of the Management Company, apportioned to the estimated time relevant to the Management Company, based on their time in role during the reporting period and the Management Company's proportion of SLA's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for Aberdeen Standard Fund Managers Limited as a Management Company was 10.99%.

[3] Senior management are defined in this table as Management Company Directors and members of the Standard Life Aberdeen plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

[4] This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the UCITS Fund allocated on an AUM basis.

Aberdeen Standard Capital Limited, registered in Scotland (SC317950) at 1 George Street, Edinburgh EH2 2LL.
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