

Standard Life European Private Equity Trust PLC

Annual Report and Financial Statements
for the year ended 30 September 2016



Managed by

SL Capital Partners

Contents

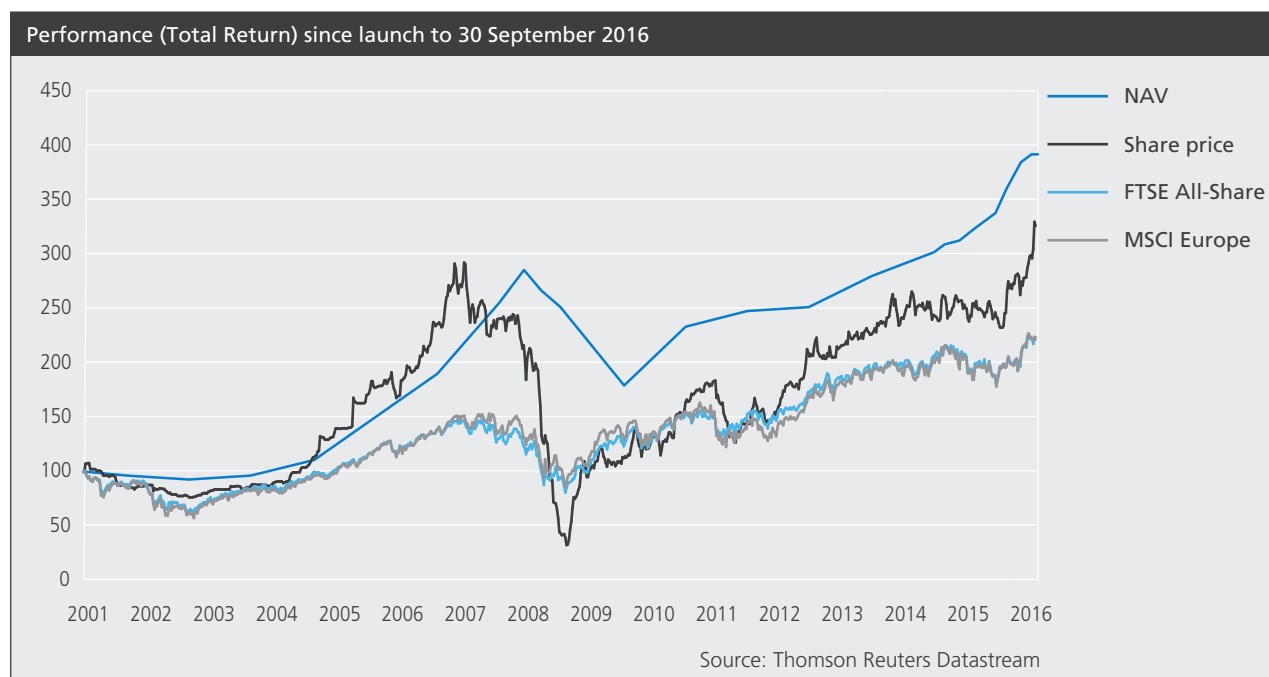
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To achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe.

Company Summary

Investment policy	Full details of the Company's investment policy can be found on page 17.
Investment manager	SL Capital Partners LLP ("the Manager")
Shareholders' funds	£532.6 million at 30 September 2016
Market capitalisation	£411.0 million at 30 September 2016
Capital structure at 30 September 2016	153,746,294 ordinary shares of 0.2p each Each ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every ordinary share held.
Management and incentive fees	The base management fee is 0.8% per annum of the net assets of the Company. In addition, there was an incentive fee amounting to 10% of the growth in the diluted net asset value total return in excess of an annualised 8% hurdle rate, measured over the five year period ending 30 September 2016. Following the end of the incentive fee period, the Board has negotiated a single management fee of 0.95% per annum of the net assets of the Company to replace the previous management and incentive fees (more details are provided on page 21). The notice period is twelve months.
ISA status	The Company's ordinary shares are eligible for Individual Savings Accounts (ISAs).
AIC membership	The Company is a member of The Association of Investment Companies.

Financial Summary



Performance (capital only)	As at 30 September 2016	As at 30 September 2015	% Change
Net asset value per ordinary share ("NAV")	346.4p	281.6p	23.0
Share price	267.3p	214.0p	24.9
FTSE All-Share Index ⁽¹⁾	3,755.3	3,335.9	12.6
MSCI Europe Index ⁽¹⁾	2,738.0	2,361.1	16.0
Discount (difference between share price and net asset value)	22.8%	24.0%	

Performance (total return) ⁽²⁾	1 year %	Annualised 3 year %	Annualised 5 year %	Annualised 10 year %	Annualised since launch ⁽³⁾ %
NAV	24.8	14.6	10.4	7.8	9.5
Share price	27.9	13.5	17.2	5.3	8.0
FTSE All-Share Index ⁽¹⁾	16.8	6.6	11.0	5.8	5.4
MSCI Europe Index ⁽¹⁾	20.2	7.6	12.1	5.9	5.4

Highs/Lows for the year ended 30 September 2016	High	Low
Share price (mid)	270.0p	191.0p

⁽¹⁾ The Company has no defined benchmark; the indices above are solely for comparative purposes.

⁽²⁾ Includes dividends reinvested.

⁽³⁾ The Company was listed on the London Stock Exchange in May 2001.

Ten Year Historical Record

Summary financial information

NAV and share price	Net assets £m	NAV (undiluted) p	NAV (diluted) p	Share price p	Premium/ (discount) to diluted NAV %
At 30 September 2007	385.7	241.3	237.7	226.50	(4.7)
At 30 September 2008	375.5	234.8	231.4	161.00	(30.4)
At 30 September 2009	265.6	164.9	163.4	112.25	(31.3)
At 30 September 2010	315.2	195.3	193.3	113.75	(41.2)
At 30 September 2011	369.4	228.7	225.9	134.00	(40.7)
At 30 September 2012	369.7	227.6	224.9	162.38	(27.8)
At 30 September 2013	401.2	244.2	243.4	198.00	(18.6)
At 30 September 2014	409.1	257.4	257.4	230.00	(10.6)
At 30 September 2015	438.7	281.6	281.6	214.00	(24.0)
At 30 September 2016	532.6	346.4	346.4	267.25	(22.8)

Performance and dividends	NAV total return %	Share price total return ¹ %	Dividend paid ² £m	Dividend paid per ordinary share p	Expense ratio ³ %
Year to 30 September 2007	35.4	24.8	3.8	2.40	0.97
Year to 30 September 2008	(1.3)	(27.8)	5.6	3.50	0.94
Year to 30 September 2009	(29.2)	(29.5)	0.6	0.70	0.92
Year to 30 September 2010	18.4	1.4	0.1	0.10	1.02
Year to 30 September 2011	17.0	18.0	0.2	0.20	1.02
Year to 30 September 2012	0.1	22.4	1.0	1.30	0.97
Year to 30 September 2013	9.1	23.4	1.3	2.00	0.99
Year to 30 September 2014	7.7	19.1	8.2	5.00	0.96
Year to 30 September 2015	11.9	(4.0)	10.6	5.25	0.98
Year to 30 September 2016	24.8	27.9	8.2	5.40	0.99

¹ Data supplied by Fundamental Data.

² Represents the cash dividend paid during the year, declared in the previous financial year.

³ The expense ratios follow the AIC's recommended methodology for calculating Ongoing Charges.

Investment exposure	Fund manager as a % of net assets		Fund investments as a % of net assets		
	Top 5 %	Top 10 %	Top 10 %	Top 20 %	Top 30 %
At 30 September 2007	41.0	66.5	42.5	64.8	80.4
At 30 September 2008	54.5	84.6	55.1	84.0	102.4
At 30 September 2009	55.5	87.2	61.1	93.8	109.0
At 30 September 2010	62.1	96.4	67.9	101.0	116.2
At 30 September 2011	57.9	89.1	69.0	95.4	106.8
At 30 September 2012	51.2	80.2	63.5	87.4	97.9
At 30 September 2013	44.9	68.4	51.7	76.5	86.8
At 30 September 2014	43.2	65.0	52.9	74.0	82.7
At 30 September 2015	42.4	65.2	48.6	71.4	80.2
At 30 September 2016	39.7	65.0	45.9	68.3	78.8

Chairman's Statement



Edmond Warner, OBE

This has been a year of strong growth for the Company. Buoyant company valuations driven by strong underlying trading and a fall in the value of sterling have combined to outweigh any immediate effect of the UK referendum vote to exit the European Union ("Brexit"). Your Company's net asset value produced a total return of 24.8% during the year to the end of September and its share price delivered a total return including dividends of 27.9%. By contrast, the MSCI Europe Index delivered a total return of 20.2% over the same period.

Much of the past year has been dominated by the Brexit process. The pound has fallen by 14.8% against the euro as investors have faced up to the prospect of prolonged uncertainty about the economic, industrial and political implications of the referendum, not only in Britain but across Europe. Although equity markets have proven resilient, which has had a positive impact on the comparative valuations of the unlisted companies in the Company's portfolio, there have already been some indications that the uncertainty is affecting corporate activity.

Although political and economic uncertainty persists, making predictions as to the future prospects of the corporate sector especially hard at present, your Board continues to believe that the best private equity managers will continue to generate strong positive returns for investors over the long term and that the Company is uniquely well positioned to capture these returns for investors.

It is reassuring, in these circumstances, that the Company's portfolio has continued to benefit from strong underlying trading and a positive flow of realisations as companies it is invested in are sold by the managers of the funds that make up the portfolio. In the year to September, these realisations totalled £126.9 million compared to £106.7 million in the prior year. Against this, £66.2 million was drawn down from the Company's resources to fund investee companies. This compares to £63.1 million in the previous year.

As a result of the strong net cash flow from the portfolio, the Manager, SL Capital Partners, has worked hard to ensure that the Company's resources are deployed efficiently. The Manager has continued to make new commitments to high quality funds which will deploy cash over the coming years and build value for the future and has increased the Company's focus on acquiring fund positions in the secondary market. At times, the Manager has deployed a proportion of the Company's cash pending investment in private equity funds in equity index tracker funds. While the capability is maintained, given the current market uncertainties the Company currently holds no such investments. The net effect is that, as at the end of September, the Company had net

liquid resources of £105.9 million, up from £69.4 million a year before, and total outstanding commitments to make future investments of £305.9 million, compared to £245.8 million previously.

SL Capital Partners has been incentivised by a success-based incentive fee. The incentive fee had a set five year life which expired at the end of the financial year. The strong growth in the Company's value meant that the Manager exceeded the agreed performance hurdle, and triggered a payment under the incentive fee scheme of £6.4 million.

The Board is in the process of finalising new fee arrangements with the Manager and has negotiated the adoption of a single management fee of 0.95% of net asset value to replace the previous management fee and incentive fee. The Board believes the new fee structure delivers value for shareholders.

Although the returns generated by the Company have been strong, its shares have persistently traded at a discount to its net asset value. As at the end of September this discount was 22.8%, and it averaged 26.7% through the year. Although this phenomenon is consistent with the Company's private equity investment trust peer group, it is a frustration to the Board and we regularly assess opportunities to address the scale of the discount. We have used the opportunity afforded by a high discount to buy back 2,030,000 of the Company's shares for cancellation during the year. The average discount on these buybacks was 29.4%.

Furthermore, the Board believes that providing a strong, stable dividend is attractive to shareholders. To that end, the decision has been taken to increase the annual dividend to 12.0 pence per share, for the year ending 30 September 2017, equating to a yield of approximately 3.5% on net asset value per ordinary share. The Board is committed to maintaining the real value of this new enhanced dividend and growing it at least in line with inflation, in the absence of unforeseen circumstances. In line with the current dividend policy, the Board has proposed a final dividend, for the year ended 30 September 2016, of 3.6 pence per share equating to an annual dividend of 5.4 pence per share.

Following an in depth strategic review, the Board has also concluded that it would be beneficial to increase the private equity opportunity set available to the Manager, by removing the current size restrictions and broadening the geographic reach on private equity investments in the Company's investment policy. In addition, to maximise the returns on cash held pending investment in private equity funds, a product

Chairman's Statement

of the Company's over-commitment strategy, the Board recommends broadening the investment policy in regard to cash management to incorporate listed direct private equity investments, to be utilised opportunistically in suitably liquid investment companies. The Board is proposing at the Annual General Meeting that shareholders approve the requisite amendments to the investment policy to action these changes.

The key outcome of these changes is that the Manager will be able to invest in the leading private equity buyout funds regardless of size and with additional geographic freedom, thereby enhancing the overall exposure to the private equity asset class. The intention is to increase the private equity opportunity set without diluting the strategy and focus. Shareholders should not expect a radical shift in the composition of the Company's portfolio, which will remain conviction oriented with a European focus.

The Board believes that the combination of changes outlined above should, over time, help deliver strong returns to shareholders and enhance the attractiveness of the Company to new investors. Finally, to reflect this and the broader investment universe available to the Manager, the Board is recommending a change in the Company's name to Standard Life Private Equity Trust PLC.

Details of these proposed changes will be included in the circular distributed with the Report and Financial Statements.

Edmond Warner, OBE

Chairman

2 December 2016

The Manager

SL Capital Partners

The Manager, SL Capital Partners LLP ("SL Capital") which is part of the Standard Life Group, is headquartered in Edinburgh, United Kingdom and comprises a team of 28 investment professionals with over 300 years of combined relevant private equity and investment experience. The Manager has raised approximately £9.0 billion of private equity funds on behalf of over 200 clients worldwide. SL Capital has acted as Manager to the Company since its inception in 2001.

With the exception of the Company, all of the Manager's funds under management are held through limited partnership vehicles, or managed through advisory agreements. SL Capital's clients range from leading institutional investors in the UK, US, Australia, Canada and Europe, to family offices and high net worth individuals globally. The largest clients include Standard Life, a number of UK local authorities and some significant North American and Australian pension funds. The Manager is also recommended by many institutional investment and pension fund consultants.

In addition to its Edinburgh investment office, the Manager has investment professionals based in London and Boston.

SL Capital is one of the largest investors in private equity funds and co-investments in Europe. One of the key strengths of the investment team is their extensive fund and direct deal experience, which gives the Manager greater insight into the strategies, processes and disciplines of the funds invested in and allows better qualitative judgements to be made.

The Manager has a detailed and rigorous screening and due diligence process to identify and then evaluate the best private equity fund offerings. The Manager concentrates on opportunities in the buy-out segment of the European private equity market, but, where it is relevant to a particular investment mandate, it also considers funds targeted on the growth and turnaround equity segments, as well as funds focused on particular sectors or geographies.

The private equity asset class has exhibited historically a wide dispersion of returns generated by fund investments and the Manager believes that appropriate portfolio construction and manager selection is vital to optimise investment performance. In that regard, the objective is for the Company's portfolio to comprise around 35 to 40 "active" private equity fund investments at any one time, with portfolio diversification being controlled through percentage concentration limits applied at an individual fund and manager level.

Finally, the Manager believes that as one of the largest and most experienced private equity investors in Europe, it is able to find and invest in Europe's premier private equity funds, where knowledge of and access to these funds are sometimes limited.

Investment Activity

During the year to 30 September 2016 the Company funded £66.2 million of draw downs and received £126.9 million of distributions.

The Company also acquired £29.5 million of exposure to one fund through the secondary market.

Draw downs

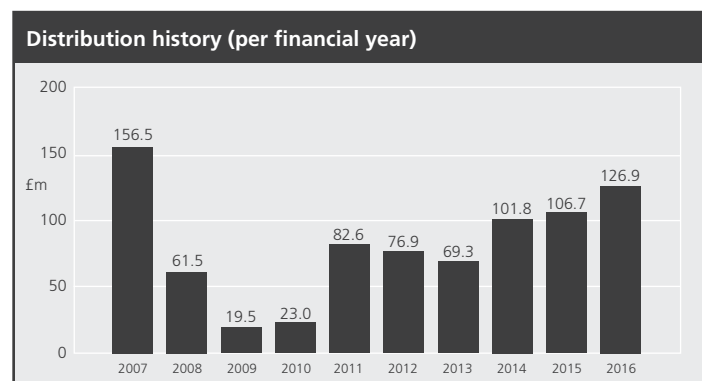
As reported above, the Company funded £66.2 million of draw downs during the financial year, marginally ahead of the prior year figure of £63.1 million. The uplift reflected the modest increase in the quantum of outstanding commitments, partially offset by a slight reduction in the overall level of new investment activity in the European private equity market relative to the prior year. The Manager expects a gradual increase in the pace of draw downs during the remainder of 2016 and into 2017, as a result of the new fund commitments made over the past year and the Manager's view that overall private equity activity levels will persist. This also reflects the fact that many of the underlying managers are reporting solid deal pipelines.

The private equity funds to which the Company funded the five largest draw downs during the year are set out in the table below.

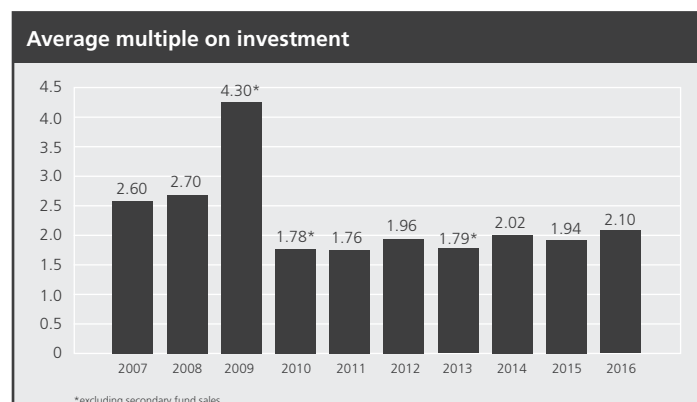
5 Largest fund draw downs during the year	Type of fund	Aggregate draw downs £m
Equistone Partners Europe Fund V	Buy-out	10.1
IK VII	Buy-out	9.3
Bridgepoint Europe V	Buy-out	7.9
Exponent Private Equity Partners III	Buy-out	7.6
Permira V	Buy-out	4.8
Total of 5 largest draw downs		39.7
Total of all draw downs during the year		66.2

Distributions, gains and income

During the year the Company's portfolio of private equity fund interests generated aggregate distributions of £126.9 million, including net realised gains of £55.6 million and income of £9.8 million. The quantum of distributions received reflected the strong exit environment for European private equity investments and it is encouraging to note that a majority of the individual company realisations continue to be at a premium to the last independent valuation. The Manager expects the Company to receive meaningful distributions during the remainder of 2016 and into 2017, helped by the maturity of the Company's underlying portfolio.



The distributions received by the Company during the year included proceeds from trade sales and secondary buy-outs and, to a lesser extent, refinancings and IPOs.



As shown in the bar chart above, the average return during the year on the Company's acquisition cost of realised investments was 2.1 times. The rise in the average return multiple between 2007 and 2009 can be attributed largely to the previous strength of the European private equity, debt and mergers and acquisitions markets, and historic profit growth at underlying investee companies. The weaker macro-economic environment over subsequent years resulted in a reduction in the average return for realised investments, in particular for investments made during 2007, at generally higher prices and leverage ratios. However, post the global financial crisis the macro-economic environment in certain geographies has been relatively benign and the average multiple of investment has increased over recent years and a number of funds are reporting strong exits at a premium to holding values.

The five largest distributions received during the year, split into gains and income and broken down by fund are set out in the table below.

5 Largest fund distributions during the year	Aggregate distributions £m	Aggregate realised gains £m	Aggregate income received £m
Industri Kapital 2007	18.0	10.0	0.9
Advent Global Private Equity VI	12.3	8.5	0.2
3i Eurofund V	12.1	8.8	0.0
Fourth Cinven Fund	9.1	4.1	1.1
Equistone Partners Europe Fund III	8.8	3.7	0.7
Total of 5 largest distributions	60.3	35.1	2.9
Total of all distributions during the year	126.9	55.6	9.8

Investment Activity

Secondary activity

The private equity secondary market has continued to develop in terms of size and sophistication, with an estimated \$40.0 billion of transactions completed during 2015. The figure for 2016 is expected to be lower, primarily driven by the volatility seen in the markets during the year. In this environment, the Manager has taken advantage of attractive opportunities to top up existing exposures to certain funds and to back fill the portfolio with particular managers or vintages through opportunistic secondaries. In the last year this has included acquiring a new position in TowerBrook Investors III for a purchase price of £19.1 million. The Company assumed outstanding commitments of £10.4 million on acquisition. The Company does not have an existing commitment to TowerBrook Investors III, having sold its original commitment in 2009 when seeking to reduce outstanding commitments post the financial crisis, but has existing commitments to TowerBrook Investors II and IV.

Commitments

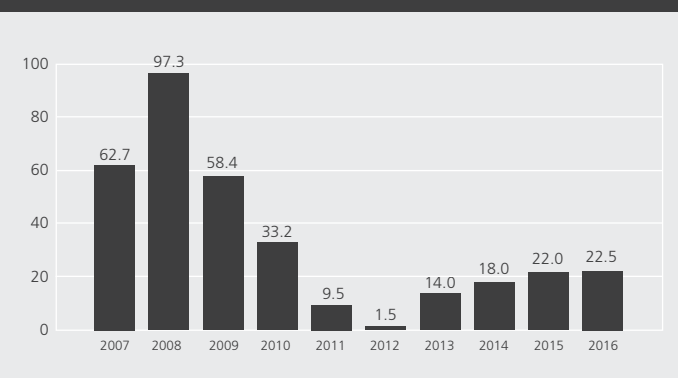
The Company made four new fund commitments during the year, with commitments of €45.0 million to Advent International GPE VIII, €28.1 million to the Sixth Cinven Fund, €23.0 million to Astorg VI and £10.4 million to TowerBrook Investors III. The Manager anticipates following a prudent schedule of new commitments over the remainder of 2016 and into 2017. These are likely to comprise primary fund commitments and secondary transactions, with the quantum dictated by the Company's cashflows and the broader market environment.

At 30 September 2016 the Company had £305.9 million of outstanding fund commitments, up from £245.8 million at 30 September 2015. The increase is the net result of the Company having made four new fund commitments totalling £82.8 million, having funded £66.2 million of draw downs and the impact of foreign exchange movements.

	New/ (reduced) commitments £m	Draw downs £m	Closing outstanding commitments £m
Year to 30 September 2016	82.8	66.2	305.9
Year to 30 September 2015	102.9	63.1	245.8
Year to 30 September 2014	96.1	47.8	214.4
Year to 30 September 2013	80.7	37.6	178.5
Year to 30 September 2012	53.9	40.1	129.0
Year to 30 September 2011	26.5	49.6	126.4
Year to 30 September 2010	(16.7)	48.0	150.3
Year to 30 September 2009	(169.7)	48.3	227.8
Year to 30 September 2008	138.1	155.2	389.2
Year to 30 September 2007	191.7	137.6	366.0

The Company has followed an over-commitment strategy since late 2001. This is in line with the Manager's objective of maximising the Company's invested assets and avoiding significant cash drag. The Manager believes that such a strategy should enhance the overall returns generated by the Company.

Outstanding commitments in excess of available liquid resources as a percentage of net asset value at each year end (%)



Over the past nine years the Company's outstanding fund commitments less its available liquid resources (including any undrawn debt facility), expressed as a percentage of the Company's disclosed net asset value, has varied between 97.3% and 1.5%. The bar chart above shows the relevant percentages at each annual reporting date, from 30 September 2007 to 30 September 2016. The percentage has varied over time according to *inter alia* the quantum of available liquid resources held by the Company, the rate of draw downs made and distributions received and, importantly, the fund raising cycle of the leading private equity managers in Europe.

The outstanding fund commitments less available liquid resources, expressed as a percentage of the Company's disclosed net asset value at 30 September 2016 was 22.5% which is below the long-term target range of 30-75%. The Manager remains mindful of market conditions and the Company's projected cashflows and will consider carefully the making and timing of any new fund commitments. In addition, following a review of the Company's investment strategy, more emphasis has been placed on buying secondary fund interests which can be used to increase the Company's exposure to attractive funds without adding significantly to outstanding commitments.

Liquidity management

At 30 September 2016 the Company had liquid resources of £105.9 million. The UK and European equity index tracker funds were sold on 8 July 2016, generating an overall realised gain and income of £2.3 million.

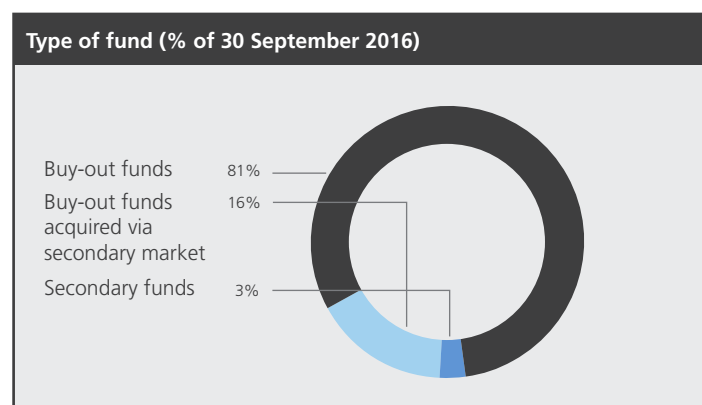
At 30 September 2016 the Company's net assets were £532.6 million. The Company had interests in 49 private equity funds with a value of £433.4 million.

The effect of portfolio and other cashflows over the year was to increase net liquid resources from £69.4 million at 30 September 2015 to £105.9 million at 30 September 2016.

Portfolio composition and performance

At 30 September 2016 the Company's private equity portfolio comprised 49 private equity fund interests with a value of £433.4 million which, together with its current assets less liabilities, resulted in the Company having net assets of £532.6 million. This represented a NAV per share of 346.4p. A breakdown of the £64.4 million movement in the Company's portfolio valuation during the year is detailed in the valuation bridge shown opposite.

The split of the Company's portfolio by type of private equity fund is set out in the chart below. Details of all of the Company's private equity fund interests, and more detailed information on the ten largest fund investments and thirty largest underlying portfolio companies, can be found on pages 12 to 15.

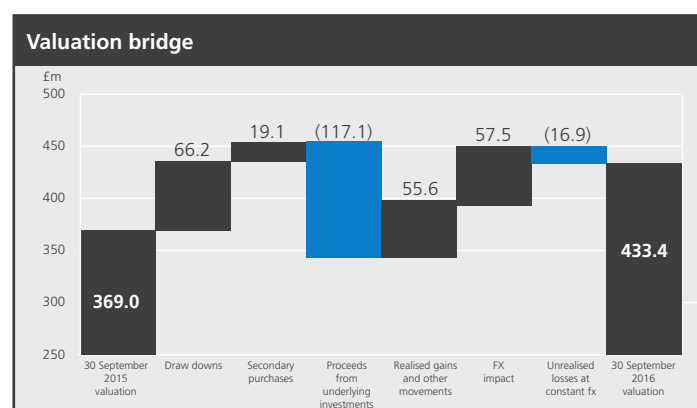


The valuation of the Company's private equity fund interests at the year end was carried out by the Manager and has been approved by the Board in accordance with the accounting policies set out on pages 43 and 44. In undertaking the valuation, the most recent valuation of each fund prepared by the relevant fund manager has been used, adjusted where necessary for subsequent cashflows. The fund valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines.

These guidelines require investments to be valued at "fair value", which is the price at which an orderly transaction would take place between market participants at the reporting date. In addition, through its advisory board relationships and contacts with the relevant fund managers, the Manager is able to consider the appropriateness of the valuation methodologies employed.

Portfolio review

Of the 49 private equity funds in which the Company is invested, 42 funds, or 98.7% of the portfolio by value, were valued by their fund managers at 30 September 2016. The Manager continues to believe that the use of such timely valuation information is important. For three funds, or 1.1% of the portfolio by value, the last available valuations from the fund managers on 30 June 2016 were adjusted for any subsequent cashflows occurring between the valuation date and the financial position date. The remaining four funds, or 0.2% of the portfolio by value, are in liquidation.



The value of the Company's portfolio of private equity fund interests increased from £369.0 million at 30 September 2015 to £433.4 million at 30 September 2016. The increase was driven by £66.2 million of draw downs from fund investments, £19.1 million of secondary purchases, £55.6 million of net realised gains and other movements, and £57.5 million of unrealised foreign exchange gains. This increase was partially offset by £117.1 million of realisation proceeds from the Company's underlying investment interests and £16.9 million of unrealised losses at constant foreign exchange rates.

Information on the valuation movement for the Company's portfolio for each of the last ten financial years is set out on page 10. This table provides a useful summary of the individual changes and the underlying trends in the Company's portfolio over time.

Portfolio Review

Valuation movement on unquoted investments				
	Cost of new investments	Return of cost	Unrealised movement	Closing valuation
	£m	£m	£m	£m
Year to 30 September 2016	85.3*	(61.5)	40.6	433.4
Year to 30 September 2015	96.5*	(88.1)	12.1	369.0
Year to 30 September 2014	57.0*	(51.0)	(16.0)	348.5
Year to 30 September 2013	48.0*	(69.6)	14.2	358.5
Year to 30 September 2012	40.1	(39.1)	(32.5)	365.9
Year to 30 September 2011	49.6	(47.0)	25.2	397.4
Year to 30 September 2010	48.0	(19.4)	47.9	369.6
Year to 30 September 2009	48.3	(96.5)	(70.8)	293.1
Year to 30 September 2008	155.2	(22.9)	(42.8)	412.1
Year to 30 September 2007	137.6	(59.4)	5.1	322.6

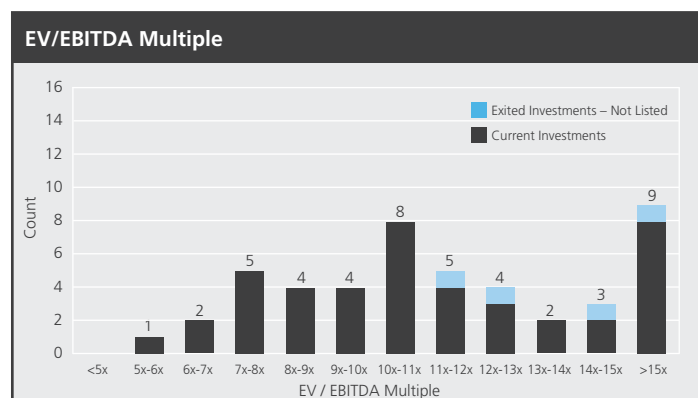
* Including secondary fund purchases

During the year, sterling depreciated against the euro by 14.8% and by 14.2% against the US dollar. This had a net positive impact on the Company's NAV. The sterling/euro exchange rate at 30 September 2016 was £1/€1.1559 and the sterling/dollar exchange rate was £1/\$1.2990. The combined effect of foreign exchange movements on the valuation of the portfolio over the year was a 36.8p, or 13.1%, increase in NAV.

The Manager and the Board do not believe it is appropriate for the Company to undertake any financial hedging of its foreign exchange exposure, given the irregularity in size and timing of individual cashflows to and from its fund interests. Any cash balances and bank indebtedness are held in sterling, euro and US dollars, broadly in proportion to the currency of the Company's outstanding fund commitments.

Valuation and leverage multiple analysis

The bar charts below show the valuation and leverage multiples of the fifty largest underlying portfolio companies held by the Company's private equity fund interests at 30 June 2016, which account for 42.8% of the Company's then net assets. This analysis is at 30 June 2016 due to the fact that most private equity funds provide detailed information on the underlying portfolio companies twice a year, in June and December, rather than quarterly.



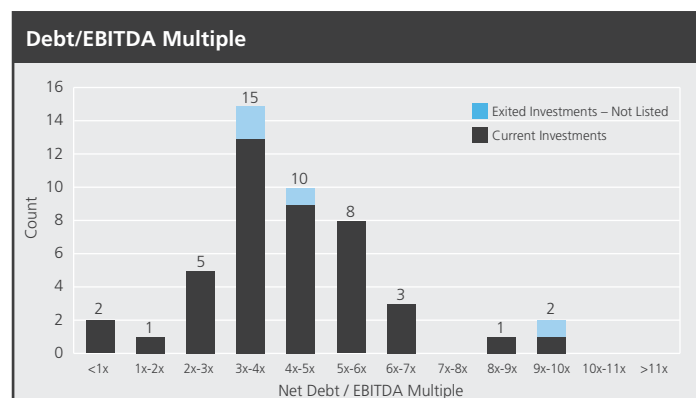
The valuation multiples of each underlying portfolio company are derived by the fund manager using relevant listed comparable companies, adjusted where appropriate, in line with the International Private Equity and Venture Capital Valuation guidelines.

The median valuation and leverage multiples for the top fifty underlying portfolio companies at 30 June 2016 were 10-11x EV/EBITDA and 4-5x Debt/EBITDA respectively. These compare to the valuation and leverage multiples for the top fifty underlying portfolio companies at 31 December 2015 of 10-11x EV/EBITDA and 4x Debt/EBITDA. The increase in the leverage multiples in part reflects the fact that many underlying managers have taken advantage of the current debt markets to refinance companies on more advantageous terms. Overall the Manager believes that these valuation and leverage multiples are in line with the European private equity market for similar sized deals and vintages.

Diversification

The Board has agreed diversification limits with the Manager regarding the Company's net asset value and commitment exposure to both individual private equity funds and their managers. The Manager also monitors the Company's exposure to the underlying investments held by the different private equity funds in which the Company is invested. At 30 September 2016, the Company was invested in 49 different private equity funds, which collectively had interests in 452 separate companies.

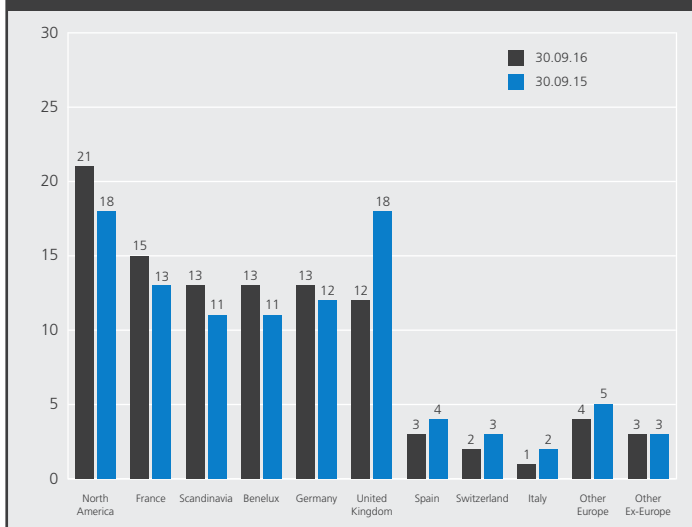
Analysis of the underlying investments held by the different private equity funds allows the Manager to track the Company's exposure by geography, industrial sector, maturity of investment and value relative to original cost. Such information is used by the Manager in reviewing the exposure of the Company's portfolio, in assisting it to make new investment decisions and in having a better understanding of the timing of prospective cashflows. The diversification of the Company's private equity fund interests, at 30 September 2016 and 2015, is set out in the four bar charts shown on page 11.



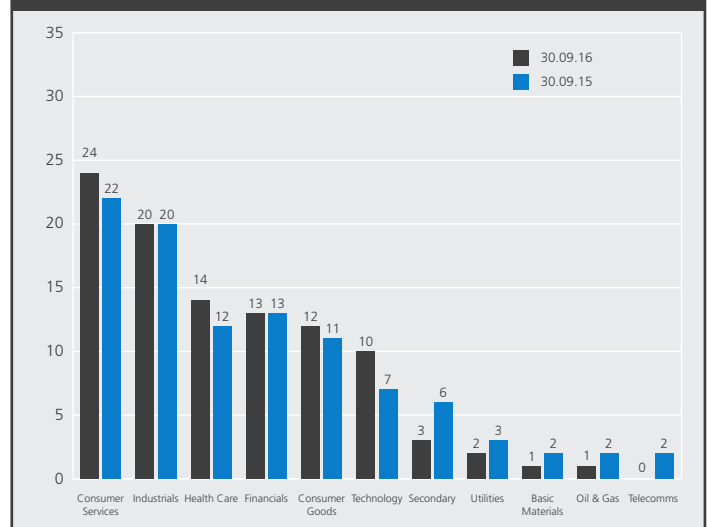
* In the case of three investments it has not been possible to calculate meaningful multiples due to the nature of the underlying businesses.

Portfolio Review

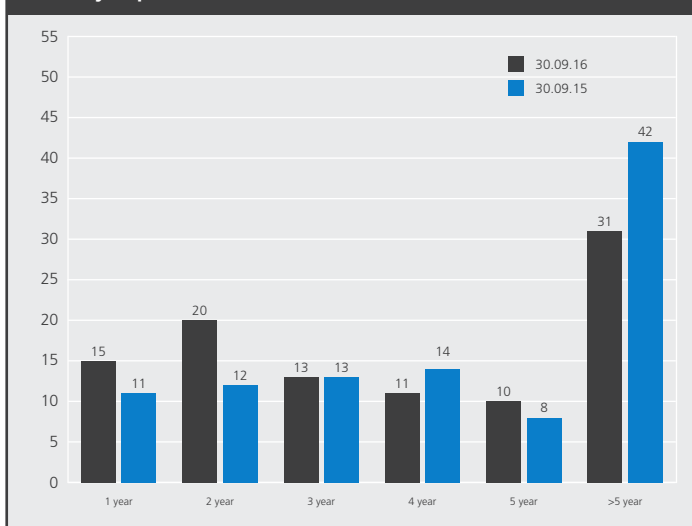
Geographic exposure (% of valuation)



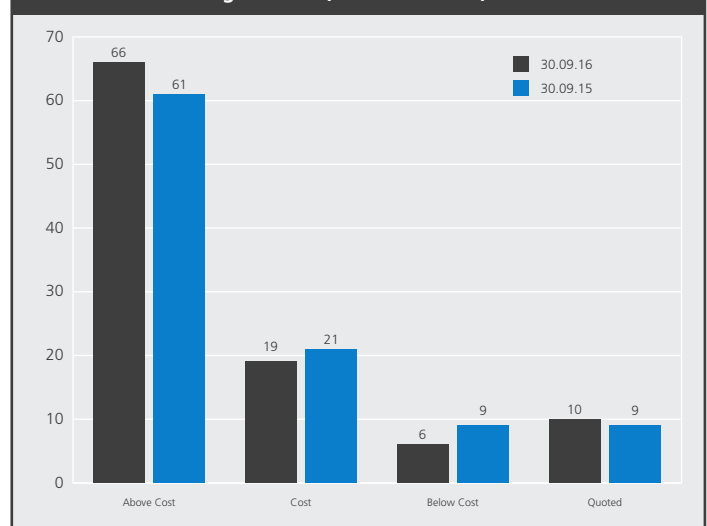
Sector exposure (% of valuation)



Maturity exposure (% of valuation)



Value relative to original cost (% of valuation)



The charts demonstrate the broad diversification that applies by geography and by sector within the Company's underlying portfolio of investments.

The focus of the portfolio is on Europe, consisting 76% of exposure on an aggregated basis. Furthermore, it is weighted towards Northern and Western Europe, with only 4% exposed to Southern Europe. There is also 21% exposed to North America, a product of the transatlantic managers, with only 3% elsewhere.

At 30 September 2016, the Company had seven fund investments which are likely to invest a significant proportion of their capital outside Europe. In total, these funds represent 7.9% of the Company's net assets. These fund investments are Pomona Capital V, Pomona Capital VI, Collier International Partners IV, Collier International Partners V, Towerbrook Investors II, Towerbrook Investors III and Tower Brook Investors IV.

The broad diversification in sectors like industrials, consumer services and financials helps to mitigate the effect of volatility in any individual sector.

The chart showing the maturity exposure of underlying investments highlights the balanced nature of the portfolio. The Manager has achieved this by actively targeting new fund commitments to develop the one to two year profiles and back filled through secondary fund acquisitions the three to four year profiles. With a strong portfolio exposed to 41% five year and over maturity profiles, the portfolio should remain cash generative, with future cash flow management and the over commitment strategy supported by the evolution of the younger portfolio.

The chart showing value relative to the original cost of underlying investments illustrates that the portfolio remains healthy, with 85% of the portfolio valued at or above cost.

SL Capital Partners LLP

2 December 2016

Fund Investments

at 30 September 2016

The private equity funds in which the Company invests usually take the form of limited partnerships. Contractual commitments are made to the funds and these are drawn down by the managers of the funds as required for investment over time. Details of all of the Company's fund investments, by valuation, and a description of the ten largest fund investments follow:

Vintage	Fund	Type	Number of investments	Valuation date*	Outstanding commitments £'000	Cost £'000	Valuation £'000	Net multiple† GBP (X)	% of net assets
2006	3i Eurofund V	Buy-out	9	30.09.16	1,954	18,334	40,584	2.0	7.6%
2012	IK VII	Buy-out	14	30.09.16	1,941	25,184	30,796	1.2	5.8%
2011	Equistone Partners Europe Fund IV	Buy-out	23	30.09.16	1,388	20,747	26,286	1.6	5.0%
2011	BC European Capital IX	Buy-out	16	30.09.16	4,291	18,163	26,206	N/D	4.9%
2014	Permira V	Buy-out	16	30.09.16	4,607	18,763	23,912	1.3	4.5%
2008	CVC European Equity Partners V	Buy-out	17	30.09.16	1,178	13,595	21,261	1.8	4.0%
2011	Montagu IV	Buy-out	12	30.09.16	2,598	16,211	21,044	1.5	4.0%
2012	Advent Global Private Equity VII	Buy-out	25	30.09.16	2,682	12,213	20,317	1.7	3.8%
2008	Advent Global Private Equity VI	Buy-out	19	30.09.16	428	14,006	17,325	1.8	3.3%
2013	Nordic Capital Fund VIII	Buy-out	12	30.09.16	12,311	12,426	16,126	1.3	3.0%
2008	TowerBrook Investors III	Buy-out	11	30.09.16	11,868	16,001	15,663	1.1	3.0%
2015	Equistone Partners Europe Fund V	Buy-out	13	30.09.16	10,882	13,847	14,851	1.1	2.8%
2008	Nordic Capital Fund VII	Buy-out	15	30.09.16	1,246	11,015	14,640	1.5	2.7%
2006	Terra Firma Capital Partners III	Buy-out	6	30.09.16	117	23,983	14,212	0.6	2.7%
2007	Industri Kapital 2007	Buy-out	6	30.09.16	1,502	13,859	11,920	1.5	2.3%
2014	Altor Fund IV	Buy-out	7	30.09.16	37,148	9,494	10,596	1.1	2.0%
2015	Exponent Private Equity Partners III	Buy-out	5	30.09.16	17,489	10,524	10,090	1.0	1.9%
2014	CVC Capital Partners VI	Buy-out	15	30.09.16	16,910	7,698	9,167	1.2	1.7%
2014	PAI Europe VI	Buy-out	8	30.09.16	21,086	7,880	8,748	1.2	1.7%
2014	Bridgepoint Europe V	Buy-out	8	30.09.16	21,762	7,852	8,568	1.1	1.6%
2007	Equistone Partners Europe Fund III	Buy-out	5	30.09.16	1,411	14,519	8,179	1.7	1.5%
2005	Candover 2005 Fund	Buy-out	6	30.09.16	—	36,088	7,153	0.5	1.3%
2013	TowerBrook Investors IV	Buy-out	7	30.09.16	20,485	4,219	6,668	1.7	1.3%
2006	Coller International Partners V	Secondary	48	30.09.16	6,713	—	6,545	1.6	1.2%
2006	TowerBrook Investors II	Buy-out	5	30.09.16	4,407	3,828	6,269	2.2	1.2%
2005	Pomona Capital VI Fund	Secondary	26	30.09.16	2,102	6,688	5,508	1.6	1.0%
2012	Bridgepoint Europe IV	Buy-out	14	30.09.16	1,004	5,260	4,564	1.3	0.9%
2006	Permira IV	Buy-out	12	30.06.16	414	3,630	3,786	1.3	0.7%
2006	Fourth Cinven Fund	Buy-out	6	30.09.16	2,856	9,879	3,591	1.5	0.7%
2005	CVC European Equity Partners IV	Buy-out	2	30.09.16	1,761	3,812	3,491	2.3	0.7%
2005	Equistone Partners Europe Fund II	Buy-out	2	30.09.16	161	5,884	2,702	1.6	0.5%
2006	HgCapital 5	Buy-out	2	30.09.16	213	6,634	2,543	1.8	0.5%
2009	Charterhouse Capital Partners IX	Buy-out	6	30.09.16	662	2,910	1,817	1.4	0.3%
2005	Advent Global Private Equity V	Buy-out	4	30.09.16	1,022	—	1,716	2.8	0.3%
2000	Scottish Equity Partners II	Venture capital	1	30.09.16	—	3,159	1,122	1.0	0.2%
2001	Pomona Capital V Fund	Secondary	37	30.09.16	131	5,678	1,012	1.4	0.2%
2000	CVC European Equity Partners III	Buy-out	1	30.09.16	1,131	3,455	737	2.7	0.1%
2004	Industri Kapital 2004	Buy-out	1	30.09.16	14	4,007	670	2.4	0.1%
2016	Astorg VI	Buy-out	3	30.06.16	18,886	961	666	0.7	0.1%
2016	Advent International GPE VIII	Buy-out	1	30.09.16	38,113	821	623	0.8	0.1%
2001	Coller International Partners IV	Secondary	23	30.06.16	231	270	568	1.4	0.1%
2007	CVC Tandem Fund	Buy-out	3	30.09.16	555	1,778	549	1.6	0.1%
1998	CVC European Equity Partners II	Buy-out	—	30.09.16	1,332	2,180	228	2.0	0.0%
2001	Third Cinven Fund	Buy-out	—	30.09.16	251	4,339	164	2.1	0.0%
2004	Permira Europe III	Buy-out	5	30.06.16	—	416	140	1.2	0.0%
2002	Charterhouse Capital Partners VII	Buy-out	1	30.09.16	2,628	5,811	47	1.9	0.0%
1995	Phildrew Fourth	Buy-out	—	30.09.16	—	—	15	0.3	0.0%
2001	MUST 4	Buy-out	—	31.12.15	1,705	—	7	2.0	0.0%
2016	Sixth Cinven Fund	Buy-out	—	30.09.16	24,310	—	—	N/A	0.0%
Total portfolio investments‡			478		305,886	428,021	433,392		81.4%
Non-portfolio assets less liabilities							99,240		18.6%
Shareholders' funds							532,632		100.0%

* valuation date refers to the date of the last valuation prepared by the manager of the relevant fund.

† the net multiple has been calculated by SL Capital Partners LLP in GBP on the basis of the total realised and unrealised return for the interest held in each fund investment.

‡ the 478 underlying investments represent holdings in 452 separate companies.

Ten Largest Fund Investments

at 30 September 2016

3i Eurofund V		30 September 2016	30 September 2015
3i Eurofund V is a €5.0 billion private equity fund, including a commitment of €2.8 billion from 3i Group plc, focused on mid to large sized European buy-outs. The fund is managed by 3i Private Equity, a division of 3i Group plc, an investment company listed on the London Stock Exchange. 3i is one of the oldest and most experienced private equity managers in Europe and operates from a network of offices, including Amsterdam, London, Madrid, Paris and Stockholm. 3i targets buy-out transactions with enterprise values of between €100 million and €1.0 billion, across a wide range of sectors.	Value (£'000)	40,584	34,461
	Cost (£'000)	18,334	21,708
	Commitment (€'000)	60,000	60,000
	Amount Funded	96.2%	95.9%
	Holding in Fund	1.2%	1.2%
	Income (£'000)	—	600
IK VII		30 September 2016	30 September 2015
IK VII is a €1.4 billion private equity fund focused on northern European buy-outs. The fund is managed by IK Investment Partners, which has offices in London, Stockholm, Paris and Hamburg. IK targets the buy-out of businesses with enterprise values of between €100 million and €500 million.	Value (£'000)	30,796	16,606
	Cost (£'000)	25,184	16,214
	Commitment (€'000)	36,000	36,000
	Amount Funded	93.8%	60.5%
	Holding in Fund	2.6%	2.6%
	Income (£'000)	12	—
Equistone Partners Europe Fund IV		30 September 2016	30 September 2015
Equistone Partners Europe Fund IV is a €1.5 billion private equity fund focused on buy-outs in the UK, France, Germany and Switzerland, with enterprise values typically between €50 million and €300 million. Equistone operates from offices in London, Paris, Munich, Zurich, Birmingham and Manchester.	Value (£'000)	26,286	24,014
	Cost (£'000)	20,747	21,215
	Commitment (€'000)	30,000	30,000
	Amount Funded	94.7%	91.4%
	Holding in Fund	2.0%	2.0%
	Income (£'000)	298	284
BC European Capital IX		30 September 2016	30 September 2015
BC Partners is a leading European buy-out firm with a track record that goes back to 1986. The team operates from offices in London, Paris, Hamburg and New York. BC European Capital IX held its final close in February 2012 with total commitments of €6.7 billion. The fund focuses primarily on buy-outs of larger companies, with typical enterprise values between €300 million and €2 billion.	Value (£'000)	26,206	19,756
	Cost (£'000)	18,163	18,325
	Commitment (€'000)	35,000	35,000
	Amount Funded	85.8%	76.3%
	Holding in Fund	0.5%	0.5%
	Income (£'000)	236	566
Permira V		30 September 2016	30 September 2015
Permira V is a €5.0 billion private equity fund predominantly focused on mid-market and large cap buy-outs in Europe and North America. The fund is managed by Permira, which operates from a network of offices including London, Frankfurt, Paris, Milan, New York and California. Permira's five core target sectors are consumer, TMT, industrials, healthcare and financial services.	Value (£'000)	23,912	13,723
	Cost (£'000)	18,763	13,990
	Commitment (€'000)	30,000	30,000
	Amount Funded	82.3%	62.3%
	Holding in Fund	0.6%	0.6%
	Income (£'000)	—	—

Ten Largest Fund Investments

at 30 September 2016

CVC European Equity Partners V		30 September 2016	30 September 2015
CVC European Equity Partners V is a €10.7 billion private equity fund predominantly focused on European buy-outs. The fund is managed by CVC Capital Partners Europe, one of the leading European private equity managers. CVC operates primarily from offices in London, Paris, Frankfurt, Amsterdam, Brussels, Copenhagen, Madrid, Stockholm, Zurich, Milan and Warsaw in Europe, with further offices in New York and San Francisco in the US, and across Asia. CVC targets medium and large sized buy-out transactions.	Value (£'000)	21,261	17,760
	Cost (£'000)	13,595	15,989
	Commitment (€'000)	35,000	35,000
	Amount Funded	96.1%	94.2%
	Holding in Fund	0.3%	0.3%
	Income (£'000)	446	1,027
Montagu IV		30 September 2016	30 September 2015
Montagu IV is a €2.5 billion private equity fund focused predominantly on northern Europe, targeting middle market buy-outs. The fund focuses on buy-outs of businesses with enterprise values between €100 million and €1billion. Montagu Private Equity has been in existence since 1968 and prior to a spin-out in 2003, Montagu was the sole private equity arm of HSBC Group. The manager operates from offices in London, Paris, Frankfurt, Amsterdam and Warsaw.	Value (£'000)	21,044	17,770
	Cost (£'000)	16,211	17,138
	Commitment (€'000)	30,000	30,000
	Amount Funded	90.0%	89.9%
	Holding in Fund	1.2%	1.2%
	Income (£'000)	205	1,013
Advent Global Private Equity VII		30 September 2016	30 September 2015
Advent Global Private Equity VII is a €8.5 billion private equity fund predominantly focused on mid-market buy-outs in Europe and North America. The fund is managed by Advent International, one of the leading private equity managers globally. Advent operates from offices in London, Paris, Frankfurt, Milan, Madrid, Boston and New York. Advent's target sectors include business and financial services, media and telecommunications, retail and consumer, healthcare and industrials.	Value (£'000)	20,317	11,730
	Cost (£'000)	12,213	10,205
	Commitment (€'000)	20,000	20,000
	Amount Funded	84.5%	70.3%
	Holding in Fund	2.0%	2.0%
	Income (£'000)	—	—
Advent Global Private Equity VI		30 September 2016	30 September 2015
Advent Global Private Equity VI is a €6.6 billion private equity fund predominantly focused on mid-market buyouts in Europe and North America. The fund is managed by Advent International, one of the leading private equity managers globally. Advent operates from offices in London, Paris, Frankfurt, Milan, Madrid, Boston and New York. Advent's target sectors include business and financial services, media and telecommunications, retail and consumer, healthcare and industrials.	Value (£'000)	17,325	22,907
	Cost (£'000)	14,006	17,224
	Commitment (€'000)	25,400	25,400
	Amount Funded	98.1%	96.2%
	Holding in Fund	0.8%	0.4%
	Income (£'000)	209	11
Nordic Capital Fund VIII		30 September 2016	30 September 2015
Nordic Capital Fund VIII is a €3.60 billion private equity fund predominantly focused on mid-market buy-outs in Northern Europe. The fund is managed by Nordic Capital, a leading Northern European buyout manager headquartered in Stockholm and operating out of offices in Copenhagen, Frankfurt, Helsinki, Jersey, London, Luxembourg and Oslo. The fund focuses on buy-outs of business with enterprise values between €150 million to €800 million.	Value (£'000)	16,126	10,890
	Cost (£'000)	12,426	11,402
	Commitment (€'000)	30,000	30,000
	Amount Funded	52.6%	48.3%
	Holding in Fund	0.8%	0.8%
	Income (£'000)	—	—

Top 30 Underlying Investments

at 30 September 2016

The table below summarises the top 30 underlying investments, by value, in the Company's portfolio of private equity funds. The valuations are gross, before any carry provision.

Entity	Description	Fund	Year of Investment	% of net assets
Action	Non-food discount retailer	3i Eurofund V	2011	6.1%
Scandlines	Northern European ferry operator	3i Eurofund V	2007	1.7%
Lindorff	Debt collection and accounting services	Nordic Capital VIII	2014	1.3%
Quironsalud	Spanish private Healthcare provider	CVC European Equity Partners V	2011	1.2%
Schenck Process	Provides industrial weighing and measuring systems	Industri Kapital 2007	2007	1.2%
Parques Reunidos	Amusement parks	Candover 2005 Fund	2007	1.0%
Not Disclosed	Recovery audit services	Advent Global Private Equity VI	2012	1.0%
AWAS/Pegasus	Aircraft lessor	Terra Firma Capital Partners III	2007	0.9%
Not Disclosed	Specialty retailer of services and solutions for pets	BC European Capital IX	2015	0.9%
Cérélia	Manufacturer of ready to use dough	IK VII	2015	0.9%
ConvaTec	Ostomy, wound care and hospital products	Nordic Capital Fund VII	2008	0.8%
Norican	Metallic parts formation and preparation industry	Altor Fund IV	2015	0.8%
Vistage	Membership organisation of CEOs	TowerBrook Investors III	2012	0.8%
Vemedia	Over the counter medicines	Industri Kapital 2007	2012	0.8%
Not Disclosed	Mattress manufacturer	Advent Global Private Equity VI, Advent Global Private Equity VII	2012	0.8%
Hornschuch Konzern	Producer of premium film and artificial leather	Equistone Partners Europe Fund III	2008	0.7%
Genesys	Enterprise software and solutions	Permira IV	2012	0.7%
Ladder Capital Finance	Commercial real estate finance company	TowerBrook Investors II	2008	0.7%
Not Disclosed	Academic and scientific information provider	BC European Capital IX	2013	0.7%
Not Disclosed	Information and risk management solutions	Advent Global Private Equity VI	2012	0.7%
Arkopharma	Pharmaceutical company	Montagu IV	2014	0.7%
Not Disclosed	Digital bank	Altor Fund IV	2016	0.6%
J. Jill	Women's apparel designer and retailer	TowerBrook Investors IV	2015	0.6%
Photobox	Online photo laboratory	Exponent Private Equity Partners III	2016	0.6%
Jerrold Holdings	UK secured lender	Equistone Partners Europe Fund II	2006	0.6%
EverPower	Wind energy development	Terra Firma Capital Partners III	2009	0.6%
Wilton	Food and paper crafting company	TowerBrook Investors III	2009	0.6%
Element	Materials testing	Bridgepoint Europe V	2016	0.6%
Azzurri	Italian themed UK Casual Dining Operator	Bridgepoint Europe V	2015	0.6%
AhlSell	Nordic technical trading company	CVC European Equity Partners V, CVC Tandem Fund	2012	0.6%
Grand Total				29.8%

Board of Directors



Edmond Warner, OBE*

Chairman

Edmond Warner was appointed on 27 November 2008. He is Chairman of UK Athletics, the sport's national governing body, and online derivatives exchange LMAX. He has been a top ranked investment strategist in the surveys of institutional investors, and a leading commentator on financial and business matters in both the press and broadcast media. He is also the Chairman of BlackRock Commodities Income Investment Trust Plc and Grant Thornton UK LLP, and a non-executive director of Clarkson PLC.



Alastair Barbour†

Director

Alastair Barbour was appointed on 1 April 2011. He is a chartered accountant and was formerly a partner of KPMG and has specialised in financial services with extensive experience in advising on accounting, financial reporting and corporate governance. He is also a non-executive director of RSA Insurance Group plc, Phoenix Group Holdings PLC, Liontrust Asset Management PLC and CATCo Reinsurance Opportunities Fund Ltd and, overseas, a non-executive director of The Bank of N.T. Butterfield & Son Limited.



Alan Devine

Director

Alan Devine was appointed on 28 May 2014. He holds an MBA and is a Fellow of the Institute of Bankers in Scotland, with a wide background of knowledge and some 40 years' experience in both commercial and investment banking. Alan has recently retired from The Royal Bank of Scotland Group (RBS) where he had been CEO of RBS Shipping Group and a non-executive director of Cairn Capital Ltd, an asset management company in which RBS held a significant shareholding.



Christina McComb‡

Director

Christina McComb was appointed on 29 January 2013. Christina has a background in Private Equity and Venture Capital Investment, having spend much of her career at leading private equity firm 3i Group plc. She is currently Chairman of OneFamily Mutual Assurance and a non-executive director of Baronsmead Venture Trust PLC and Nexeon Ltd. Christina is also Senior Independent Director of the British Business Bank, the government owned development bank supporting access to finance for UK SMEs.



David Warnock

Director

David Warnock was appointed on 26 January 2009. He has over 35 years' investment experience in both public and private companies, in both the UK and USA. He co-founded Aberforth Partners LLP and was a partner for 19 years until his retirement from the firm in 2008, prior to which he was with Ivory & Sime plc and before that with 3i Group plc. He is also Chairman of Troy Income & Growth Trust plc, a non-executive director of Seneca Investment Managers Ltd, and an active investor in a number of private companies.

* Edmond Warner is Chairman of the Management Engagement and Nominations Committees.

† Alastair Barbour is Chairman of the Audit Committee.

‡ Christina McComb is the Senior Independent Director.

All of the directors are members of the Audit, Management Engagement and Nominations Committees.

The purpose of this report is to provide shareholders with details of the Company's strategy and business model, as well as the principal risks and challenges the Company has faced during the year under review.

The Board is responsible for the stewardship of the Company, including overall strategy, investment policy, borrowings, dividends, corporate governance procedures and risk management. Biographies of the directors can be found on page 16.

The Board has contractually delegated the management of the investment portfolio to the Manager, SL Capital Partners LLP ("SL Capital"). A summary of the terms of the Investment Management Agreement is contained in the Directors' Report on page 21.

Investment Objective

The investment objective is to achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe.

Review of Investment Strategy

The full text of the Company's current investment policy can be found below and the Portfolio Review section of the Manager's Review on pages 9 to 11 explains how the Company has invested its assets with a view to managing investment risk in accordance with the Company's investment policy.

The Board is proposing at the Annual General Meeting that shareholders approve changes to the investment policy as highlighted in the Chairman's Statement on pages 4 and 5. Details of these proposed changes are included in the circular distributed with this Annual Report and Financial Statements.

Investment Policy

Investment strategy

The principal focus of the Company is to invest in the leading European private equity funds investing in mid to large sized buy-outs, which can be categorised as transactions with enterprise values ranging between €100 million and €2.0 billion.

The Company invests in private equity funds which themselves invest principally in countries in Europe, which the Manager defines as EU Member States, EU Associate Member States and other western European countries. However, the Company has the flexibility to invest up to 20% of its gross assets, at the time of purchase, in private equity funds which invest principally outside Europe.

The Company's policy is to maintain a broadly diversified portfolio by country, industry sector, maturity and number of underlying investments. The objective is for the portfolio to comprise around 35 to 40 "active" private equity fund investments; this excludes funds that have recently been raised, but have not yet started investing, and funds that are close to or being wound up.

The Company invests only in private equity funds, but occasionally may hold direct private equity investments or quoted securities as a result of distributions in specie from its portfolio of fund investments. The Company's policy is normally to dispose of such assets where they are held on an unrestricted basis.

To maximise the proportion of invested assets, it is the Company's policy to follow an over-commitment strategy by making fund commitments which exceed its uninvested capital. In making such commitments, the Manager, together with the Board, will take into account the uninvested capital, the quantum and timing of expected and projected cashflows to and from the portfolio of fund investments and, from time to time, may use borrowings to meet draw downs.

The Company will not invest more than 15% of its total assets in other listed investment companies or listed investment trusts.

The Company's non-sterling currency exposure is principally to the euro and US Dollar. The Company does not seek to hedge this exposure into sterling, although any borrowings in euros and other currencies in which the Company is invested would have such a hedging effect.

Cash held pending investment in private equity funds is invested in short dated government bonds, money market instruments, bank deposits or other similar investments. These investments may be in sterling or such other currencies to which the Company has exposure. Cash held pending investment in private equity funds may also be invested in funds whose principal investment focus is European (including United Kingdom) listed equities.

Benchmark

The Board has concluded, after careful consideration, that there is no currently available benchmark which is an appropriate measure of the investment performance of the Company. It has, however, resolved to review this issue at least annually.

Borrowings

The Company's maximum borrowing capacity is defined in its articles of association, and, unless otherwise sanctioned by an ordinary resolution of the Company, is an amount equal to the aggregate of the amount paid up on the issued share capital of the Company and the amount standing to the credit of the reserves of the Company, all based on the latest audited Statement of Financial Position. It is expected that bank borrowings would not exceed more than 30% of the Company's net assets.

Update on borrowings

On 18 September 2015 the Company entered into a new £80 million syndicated revolving credit facility, provided by Citibank ("Citi") and Societe Generale, to replace its existing £80 million debt facility provided by The Royal Bank of Scotland plc and Citi. The expiry date of this new facility is 31 December 2020. Under this facility the Company must repay each loan under the facility on the last day of the specified interest period of the loan, but any such amounts may be reborrowed. If any person or group of persons acting in concert gains control of the Company; or Standard Life plc ceases to be the beneficial owner directly or indirectly through wholly-owned subsidiaries of more than 25.01% of the issued share capital of the Company; or Standard Life plc directly or indirectly through wholly-owned subsidiaries ceases to control the Investment Manager or to be the beneficial owner of more than 50.01% of the issued ordinary share capital of the Investment Manager, the Company will be required to notify the Agent and the

Strategic Report

syndicated revolving credit facility may be cancelled. In the event of such cancellation the Company will then have to repay all outstanding loans together with accrued interest. At 30 September 2016, £nil of the loan facility was drawn down.

Review of Performance

An outline of the performance, market background, investment activity and portfolio during the year under review and the performance over the longer term, as well as the investment outlook, are provided in the Chairman's Statement and the Manager's Review. Details of the Company's fund investments can be found on page 12. The ten largest fund investments are shown on pages 13 and 14 and the top 30 underlying investments are shown on page 15.

Strategy Implementation

SL Capital is one of the largest investors in private equity funds and co-investments in Europe. One of the key strengths of the investment team is their extensive fund and direct deal experience, which gives the Manager greater insight into the strategies, processes and disciplines of the funds invested in and allows better qualitative judgements to be made.

The investment strategy employed by the Manager in meeting the investment objective involves a detailed and rigorous screening and due diligence process to identify and then evaluate the best private equity fund offerings. The Manager concentrates on opportunities in the buy-out segment of the European private equity market, but, where it is relevant to a particular investment mandate, it also considers funds targeted on the venture, growth and turnaround equity segments, as well as funds focused on particular sectors or geographies.

The private equity asset class has exhibited historically a wide dispersion of returns generated by fund investments and the Manager believes that appropriate portfolio construction and manager selection is vital to optimise investment performance. In that regard, the objective is for the Company's portfolio to comprise around 35 to 40 "active" private equity fund investments at any one time, with portfolio diversification being controlled through percentage concentration limits applied at an individual fund and manager level.

Finally, the Manager believes that as one of the largest and most experienced private equity investors in Europe, it is able to find and invest in Europe's premier private equity funds, where knowledge of and access to these funds are sometimes limited.

Monitoring Performance – Key Performance Indicators

At each Board meeting the directors consider a number of performance indicators to assess the Company's success in achieving its objectives, which include both absolute and relative performance compared to market indices and peer group. The key performance indicators ("KPIs") are established industry measures, covering both the Company and its fund investments, which include:

- net asset value capital return
- projected and actual portfolio cashflows

- share price discount and discount volatility
- share price capital return
- expenses and expense ratio

The net asset value and share price performance for the one year and five years ended 30 September 2016, and since listing, are provided in the Financial Summary on page 2. The Company's expense ratio and share price discount levels are provided on page 3. An analysis of the portfolio cashflows, including draw downs, distributions and fund commitments, is provided in the Investment Activity section of the Manager's Review.

Viability Statement

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

In determining this time period the directors considered the nature of the Company's fund commitments and the Company's associated cashflows. Generally the private equity funds in which the Company invests call monies over a five year period, whilst they are making investments, and these drawdowns for funds which are investing should be offset by the more mature funds, which are realising their investments and distributing cash back to the Company. The Manager presents the Board with a comprehensive review of the Company's detailed cashflow model on a quarterly basis, including projections for up to ten years ahead depending on the expected life of the commitments. This analysis takes account of the most up to date information provided by the underlying fund managers, together with the Manager's current expectations in terms of market activity and fund performance.

The directors have also carried out a robust assessment of the principal risks as noted below and discussed in note 18 to the financial statements that are facing the Company over the period of the review, including those that would threaten its business model, future performance, solvency or liquidity. These include, in particular, over-commitment risk but by having a portfolio of fund investments, diversified by manager, vintage year, sector and geography, and by assessing market and economic risks as decisions are made on new commitments, the directors believe the Company is well placed to take advantage of economic cycles. The directors are also aware of the Company's indirect exposure to ongoing risks through underlying funds, however, these are continually assessed by the Manager monitoring the underlying managers themselves and by participation on fund advisory boards.

Based on the results of this analysis, and the ongoing ability to adjust the portfolio, the directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period of their assessment.

Principal Risks and Uncertainties

The financial risk management objectives and policies of the Company are contained in note 18 to the financial statements on page 50. The principal risks facing the Company relate to the Company's investment activities and include the following:

- market risk
- currency risk
- over-commitment risk
- liquidity risk
- credit risk
- interest rate risk
- operating and control environment risk

An explanation of these risks and how they are managed is contained in note 18 to the financial statements on pages 50 to 53.

Social, Community, Employee Responsibilities and Environmental Policy

As an investment trust, the Company has no direct social, community, employee or environmental responsibilities. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly invested and managed. Further information on the Manager's policy on sustainable and responsible investing is provided on pages 25 and 26. The Company has no employees and no requirement to report separately on this area, as the management of the portfolio has been delegated to the Manager. Details of the Investment Management Agreement are provided on page 21.

Gender Representation

At 30 September 2016, there were four male directors and one female director on the Board. The Board's policy on diversity is set out on page 24.

By order of the Board

Maven Capital Partners UK LLP

Company Secretary

2 December 2016

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 September 2016.

Business and status

The Company carries on business as an investment trust. It has been approved as such by HM Revenue & Customs for all accounting periods commencing on or after 1 October 2012, subject to the Company continuing to meet the eligibility conditions in Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instruments 2011/2999). The Company's registration number is SC 216638.

The Manager of the Company is SL Capital Partners LLP. The Board is independent of the Manager and Standard Life.

Share capital

At 30 September 2016, there were 153,746,294 ordinary shares of 0.2p each in issue. During the year ended 30 September 2016 the Company bought back 2,030,000 ordinary shares for cancellation (representing 1.3% of the issued share capital).

The Company's shares are listed on the London Stock Exchange. Information on the rights attaching to the Company's shares are set out on page 22. The rights attaching to the Company's shares are set out in the Company's articles of association and they are also supplemented by (and are subject to) relevant provisions of the Companies Act 2006 and other legislation applying to the Company from time to time (the "Statutes").

Income and dividend

Income available for dividends was £7,116,000, or 4.59p per ordinary share (30 September 2015 – £8,949,000, or 5.69p per ordinary share). The directors recommend that a final dividend of 3.60p per ordinary share (30 September 2015 – 3.50p) be paid on 27 January 2017 to shareholders on the Company's share register at the close of business on 23 December 2016 the ex dividend date will be 22 December 2016. An interim dividend of 1.80p per ordinary share (2015 – 1.75p per ordinary share) was paid to shareholders on 15 July 2016.

Directors

Details of the directors, all of whom are non-executive can be found on page 16. In accordance with best practice, each of the Company's directors will stand for re-election at the forthcoming Annual General Meeting. The Board supports the candidature of the directors for the reasons described in the Corporate Governance section on pages 24 to 26.

No contract or arrangement existed during the period in which any of the directors had a material interest. No director has a service contract with the Company.

Directors' and Officers' Liability Insurance/Directors' Indemnity

The Company maintains insurance in respect of directors' and officers' liabilities in relation to their acts on behalf of the Company. The Company's articles of association provide that any director or other

officer of the Company is to be indemnified out of the assets of the Company against any liability incurred by him as a director or other officer of the Company to the extent permitted by law.

Remuneration policy

In line with the Directive, the Company's AIFM has implemented a remuneration policy for its staff which is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, governing terms and the investment strategy of the funds that it manages, and is aligned with the overall business strategy, objectives and interests of the AIFM.

The AIFM has identified "Code Staff", i.e. those individuals whose activities have a material impact on the risk profile of the AIFM, or the funds that it manages.

The remuneration practices in place within the AIFM are compliant with the AIFMD Remuneration Code and are proportionate and appropriate for the nature of business and of the funds it manages. The remuneration policy:

- comprises an appropriate mix of fixed and variable remuneration that encourage individuals to make a strong contribution;
- is consistent with the aims and objectives of the AIFM and of the funds it manages;
- provides for the independent oversight of staff in control functions by a remuneration committee;
- contains measures to avoid potential conflicts of interest and to promote effective risk management; and
- includes performance incentives for certain members of staff which may become payable in the event of the performance of funds exceeding the thresholds agreed with the funds' investors.

In accordance with the Directive, the AIFM's remuneration policy and required disclosures are available from the Manager on request.

Depositary

The AIFMD requires the Company to appoint a depositary for each Authorised Investment Fund it manages and BNP Paribas Securities Services S.A. was appointed depositary for the Company with effect from 1 July 2014. The depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

Greenhouse gas emissions

All of the Company's activities are outsourced to third parties. As such it does not have any physical assets, property, employees or operations of its own and does not generate any greenhouse gas or other emissions.

Significant shareholdings

The significant holdings in the Company's ordinary share capital which had been notified to the Company at 30 September 2016 are shown below.

Substantial share interests	No. of ordinary shares	%
Standard Life Investments*	86,112,582	56.01
Old Mutual Global Investors	8,449,948	5.50
Quilter Cheviot Investment Management	4,776,925	3.11
Oxfordshire County Council	4,658,684	3.03

* held across a number of funds.

Since the year end, Quilter Cheviot Investment Management have acquired 21,740 shares, bringing their total shareholding to 4,798,665 shares, representing 3.12%.

Significant agreements

The Company considers the following agreements, each of which may be affected, altered or terminated on a change of control of the Company, to be of significance.

Investment Management Arrangements

The Manager to the Company is SL Capital Partners LLP. In order to comply with the Alternative Investment Fund Managers Directive ("AIFMD"), the Company has appointed SL Capital Partners LLP as its Alternative Investment Fund Manager ("AIFM") from 1 July 2014.

Under the terms of the Company's investment management agreement with the Manager (the "Investment Management Agreement"), the Company pays the Manager a quarterly fee, equal to 0.8% per annum of the Company's net asset value at the end of the relevant quarter. No fee is payable on any investments in any investment trust, collective investment scheme or any other company or fund managed, operated or advised by the Manager or any other subsidiary of Standard Life where there is an entitlement to a fee on that investment.

An incentive fee arrangement was in place in respect of the period from 1 October 2011 to 30 September 2016 (the "Incentive Period"). No incentive fee was payable unless the Company's adjusted net asset value total return per ordinary share (before any accrual for the incentive fee) grew by more than 8% compound per annum over the Incentive Period (the "Preferred Return"). The Company's adjusted net asset value total return per ordinary share was 225.9p at 1 October 2011, which was equivalent to 331.9p at 30 September 2016, when grown by 8% compound per annum over the Incentive Period. The incentive fee amounts to 10% of the growth in the fully diluted net asset value total return per ordinary share in excess of the Preferred Return over the Incentive Period multiplied by the adjusted number of ordinary shares in issue. For the purpose of this calculation the net asset value total return per ordinary share was 371.0 at 30 September 2016. The strong growth in the Company's value meant that the Manager exceeded the agreed performance hurdle, and triggered a payment under the incentive fee scheme of £6.4 million.

Following the end of the incentive fee period, the Board has negotiated a management fee of 0.95% of the Company's net asset value, calculated on the same basis as the previous management fee. The Board believes the new fee structure offers value to shareholders.

The Manager's appointment may be terminated by either party giving to the other not less than 12 months' written notice. In the event that the Company terminates the Investment Management Agreement on less than 12 months' written notice, the Manager would be entitled to compensation except in the circumstances noted below.

The maximum compensation which the Manager would be entitled to receive for early termination (that is, if no notice of termination were given by the Company) would be an amount equal to 0.95% of the Company's net asset value at termination. If a period of notice were given by the Company (but less than the required 12 months), the Manager would be entitled to receive a proportion of that maximum compensation, the relevant proportion being the number of days by which the notice given falls short of 365 days expressed as a proportion of the required 12 month notice period.

The Manager's appointment under the Investment Management Agreement may be terminated by the Company without compensation for early termination (although all fees (excluding the incentive fee) and other amounts accrued up to the date of termination will remain payable) in the following circumstances: the Manager being wound up; an insolvency event occurring in respect of the Manager; the Manager being guilty of negligence, wilful default or fraud in the performance of its duties under the Investment Management Agreement; the Manager's material breach of the Investment Management Agreement; the Manager becoming legally prohibited from carrying on investment business; on a change of control of Standard Life Investments (Private Equity) Limited ("SLIPE") where at that time SLIPE controls the Manager; on a change of control of the Manager (except where it has been approved by the Board); on the Company ceasing to satisfy the conditions for approval as an investment trust by reason of the negligence or wilful default of the Manager; or if less than two "key executives" remain engaged by any member of the Manager's group. The key executives are currently Graeme Gunn, Peter McKellar and Roger Pim, but the directors may from time to time accept as a key executive any other employee or member of any entity in the Manager's group who is a member of the Manager's investment committee and who has been proposed by the Manager to the Company as a key executive. The incentive fee accrued to the date of termination shall remain payable if the termination event is triggered by the death or physical or mental illness of key executives.

The Investment Management Agreement contains provisions indemnifying the Manager against any liability not due to its negligence, wilful default or fraud.

Relationship agreement with Standard Life

By a letter dated 1 October 2007, Standard Life has irrevocably undertaken to the Company that, at any time when Standard Life and its Associates (meaning any company which is a member of the Standard Life group) are entitled to exercise or control 30% or more of the rights to vote at general meetings of the Company, it will not (and

Directors' Report

will procure that none of its Associates will) seek to nominate directors to the Board of the Company who are not independent of Standard Life or take any action which would be detrimental to the Company's shareholders as a whole (for this purpose, any action which has the support or recommendation of a majority of the directors is deemed not to be detrimental).

These undertakings do not apply where: (i) an offer is made for the Company, or a reconstruction or winding up of the Company is proposed (other than by Standard Life or any of its Associates), or any hostile corporate action has been initiated in relation to the Company; (ii) the Manager has been removed or is proposed to be removed as the discretionary investment manager of the Company (save where the removal or proposed removal is instigated by Standard Life or its Associates or is effected by the Company summarily terminating the Investment Management Agreement in accordance with the terms of that agreement), or material changes have been made or are proposed to be made to the Investment Management Agreement; (iii) the Company's investment policy is altered or proposed to be altered with shareholder approval in any material way; or (iv) there has been any failure of generally accepted corporate governance principles or an increase in the remuneration limit for the directors is proposed without Standard Life's previous written approval.

Standard Life name

In the event that Standard Life ceases to have control of the Company's investment manager or there is a takeover of the Company, Standard Life is entitled under the Company's articles of association to require that the name of the Company be changed to a name which does not contain the words "Standard Life" or any confusingly similar words.

Independent Auditors

The directors confirm that so far as each director is aware there is no relevant audit information of which the Company's auditors are unaware. Each director has also taken all reasonable steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Independent Auditors are aware of that information.

Dividends

The ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the directors) and to receive any interim dividends which the directors may resolve to pay.

Voting

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company.

Subject to suspension of voting rights in the limited circumstances summarised below in the section entitled "Restrictions on the Rights Attaching to Shares", on a show of hands every ordinary shareholder present in person or by proxy has one vote and on a poll every ordinary shareholder present in person has one vote for every share he holds and a proxy has one vote for every share in respect of which he is appointed.

Deadlines for exercising voting rights

If an ordinary shareholder wishes to appoint a proxy to vote at a meeting on his behalf, a valid appointment is made if the form of proxy is received by the Company no later than the time specified in the notice convening the meeting, which: (i) cannot be more than 48 hours (excluding non-working days) before the start of the meeting or adjourned meeting; (ii) in the case of a poll taken more than 48 hours after it is demanded, cannot be more than 24 hours before the time appointed for the taking of the poll; or (iii) in the case of a poll taken not more than 48 hours after it is demanded at a meeting, cannot be more than 48 hours (excluding non-working days) prior to the meeting at which the poll is demanded.

Rights to the capital of the Company on winding up

If and when the Company is wound up, the capital and assets of the Company will be divided among the ordinary shareholders in proportion to their shareholdings.

Restrictions on the rights attaching to shares

The Company may, by serving a "restriction notice" on a shareholder, place restrictions on the right of a shareholder to vote, receive dividends and transfer his shares if the shareholder (or any other person appearing to be interested in his shares) has been requested by the Company to provide details of any direct or indirect interests held by any person in his shares and he fails to comply with that request within 14 days of the request being made.

From the date of service of the restriction notice, the shares to which the notice relates will be subject to some or all of the following restrictions. Where the shares represent 0.25% or more in number or nominal value of the shares of the Company then in issue, or of any class of share, (i) the shares cease to confer on the shareholder any rights to attend or vote at general meetings of the Company or at class meetings or to exercise any other right to participate in meetings; (ii) any dividends payable in respect of the shares may be withheld by the Company; and (iii) no transfers of the shares (other than by way of an arm's length sale) will be registered. In any other case, the sole restriction is that the shares cease to confer on the shareholder any rights to attend or vote at general meetings of the Company or at class meetings or to exercise any other right to participate in meetings.

Other restrictions on transfers of shares

In accordance with the eligibility requirements for listing, the Company's ordinary shares are freely transferable.

However, in addition to the restrictions noted above (see "Restrictions on the Rights Attaching to Shares"), the directors may refuse to register a transfer of shares held in certificated form unless the instrument of transfer is (i) lodged at the Company's registered office, accompanied by the relevant share certificate(s) and such other evidence (if any) as the directors may reasonably require to show the right of the transferor to make the transfer; (ii) stamped or adjudged or certified as not chargeable to stamp duty; (iii) in respect of only one class of share; and (iv) not in favour of more than four persons jointly.

The directors may only decline to register a transfer of an uncertificated share in the circumstances set out in the Statutes and where in the case of a transfer to joint holders the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If the directors decline to register a transfer, they are required to send notice of the refusal to the transferee within two months, giving reasons for their decision.

Annual General Meeting

The Company's Annual General Meeting (AGM) will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh at 12.30 p.m. on 24 January 2017.

The accompanying circular to this Annual Report and Financial Statements sets out the resolutions which will be considered and, if thought appropriate, passed at the forthcoming AGM.

Recommendation of the Board

The Board considers that all the resolutions to be considered at the AGM as set out in the attached circular are in the best interests of the Company and the shareholders as a whole. Your Board will be voting in favour of them in respect of their entire beneficial holdings of ordinary shares which amount, in aggregate, to 152,670 ordinary shares (representing approximately 0.1 per cent. of the ordinary share capital of the Company in issue) and unanimously recommends that you do so as well.

By order of the Board

Maven Capital Partners UK LLP
Company Secretary

2 December 2016

Corporate Governance

Compliance

The Board and the Manager are committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in The UK Corporate Governance Code ("the Governance Code") revised in April 2016, and which is available on the Financial Reporting Council's website www.frc.org.uk. The Board has established corporate governance procedures, that it believes are appropriate for a private equity investment trust company and that enable the Company to comply with the relevant principles of the Governance Code and, where appropriate, with the principles of the AIC Code of Corporate Governance, which can be found on the AIC's website at www.theaic.co.uk.

The Board believes that the Company has complied throughout the year ended 30 September 2016 with the provisions of the Governance Code, except for the provision which relates to the combination of the roles of the Chairman and Chief Executive, as this provision does not apply as the Company has no executive directors.

Directors

The Board has overall responsibility for the Company's affairs. It delegates, through the investment management, secretarial and administration agreements and through specific instructions, the day to day management of the Company to the Manager, the secretarial arrangements to Maven Capital Partners UK LLP, and administrative matters to BNP Paribas Securities Services S.A. The Company has no executives or employees. There are a number of matters reserved for the Board's approval which include overall strategy, investment policy, borrowings, dividend policy and Board composition.

The Board presently consists of five non-executive directors, one of whom is Chairman. All of the directors are independent of the Manager and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The terms and conditions of appointment of the directors are available at the Company's registered office.

The directors have the requisite business and financial experience to enable the Board to provide strategic leadership and proper governance to the Company. The Senior Independent Director ("SID") is Christina McComb.

The Board meets formally at least five times each year and more frequently where business needs require. There is an annual cycle of Board meetings which is designed to address, in a systematic way, overall strategy, review of investment policy, investment performance, borrowings, forecasts, dividends, marketing and communication with shareholders. There is regular contact between the directors and the Manager throughout the year.

The table below sets out the number of formal directors' and committee meetings attended by each director during the year, compared to the total number of meetings that each director was entitled to attend.

Meetings held and attendance	Management			
	Board	Audit Committee	Engagement Committee	Nominations Committee
Edmond Warner	5/5	2/2	1/1	1/1
Alastair Barbour	5/5	2/2	1/1	1/1
Alan Devine	5/5	2/2	1/1	1/1
Christina McComb	5/5	2/2	1/1	1/1
David Warnock	4/5	2/2	1/1	1/1

The Board regularly monitors the interests of each director and a register of directors' interests, including potential conflicts of interest, is maintained by the Company. Directors who have potential conflicts of interest will not take part in any discussions which relate to that particular conflict. The Board will continue to monitor and review potential conflicts of interests on a regular basis.

Following the implementation of the Bribery Act 2010, the Board has adopted a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery. The Board has also adopted relevant procedures following the introduction of the Market Abuse Regulation in July 2016.

Nominations Committee

All of the directors are members of the Nominations Committee and Edmond Warner is the Chairman. The terms of reference, which are available on the Company's website, include review of the Board, identification and nomination of candidates for appointment to the Board, appraisal of the Chairman and the Board, succession planning and training.

The Board believes in equal opportunities and supports the principle that due regard should be had for the benefits of diversity, including gender, when searching for potential candidates. The Board recognises that diversity can bring insights that may make a valuable contribution to its effectiveness and is committed to its diverse composition. Any future appointments of new directors will be considered by the Nominations Committee, taking into account the need to maintain a balanced Board. New directors appointed to the Board will be given an induction meeting with the Manager and will be provided with all relevant information regarding the Company and their duties as a director. Thereafter, regular briefings are provided on changes in regulatory requirements that could affect the Company and the directors. Professional advisers report from time to time and directors will, if necessary, attend seminars covering relevant issues and developments.

The Company's articles of association provide that a director appointed during any period is required to retire and seek election by shareholders at the next Annual General Meeting and that every director submits himself or herself for re-election at least every three years. Directors are appointed to the Board for a specified period, initially three years, and subsequent extensions are, in each case, considered by the Board. In line with developing practice and good corporate governance, the Board has implemented annual re-election for all directors. All directors, therefore, will be seeking re-election. The Board believes that each director continues to be effective, bringing a wealth of knowledge and experience to the Board and recommends the re-election of each director to shareholders.

There is a procedure for directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access which every director has to the advice and services of the Company Secretary, Maven Capital Partners UK LLP, which is responsible to the Board for ensuring that Board procedures are followed and that the Company complies with the applicable rules and regulations.

Directors' remuneration is considered by the Board and, therefore, a separate remuneration committee has not been established. Details of remuneration are contained within the Directors' Remuneration Report on pages 29 and 30.

Performance evaluation

An assessment of the operation of the Board and its Committees and of the contribution of each director, including the Chairman, was undertaken during the year. The process was based around a questionnaire which was issued to and completed by all Directors. The Chairman was similarly assessed by his colleagues who completed a questionnaire, initiated by the SID. The collated results of the questionnaires were discussed by the Directors at the Nominations Committee meeting in September 2016. Overall, the performance of the Board, collectively and individually, continues to be judged as fully satisfactory.

Succession planning

The Board has agreed a succession planning timetable in order to provide an appropriate balance in future between new blood and continuity, in line with good corporate governance.

Communication with shareholders

The directors place great importance on communication with the Company's shareholders. The Manager carries out a programme of regular dialogue and individual meetings with institutional shareholders. The Chairman and the SID welcome correspondence from shareholders, addressed to the Company's registered office. During the year the Board also met with representatives of major shareholders.

The notice of the Annual General Meeting is sent out at least 20 working days in advance of the meeting. Representatives of the Board intend to be available at the Annual General Meeting and shareholders are encouraged to attend and ask questions of the Board. The Board hopes that as many shareholders as possible will be able to attend the meeting. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands.

Management Engagement Committee

All of the directors are members of the Management Engagement Committee and Edmond Warner is the Chairman. The Committee reviews the performance of the Manager, the Company Secretary and BNP Paribas Securities Services S.A. ("the Administrator") and their compliance with the terms of the investment management, company secretarial and the administration agreements respectively. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Investment Management Agreement is terminable on not less than 12 months' written notice. The Manager's appointment may be terminated by a lesser period of notice, with (save in some exceptional circumstances) compensation in lieu of notice payable by the Company to the Manager.

The Committee considers that the Manager, whose team is well qualified and experienced, has met fully the terms of its agreement with the Company. Investments are carefully identified, screened and monitored, risks rigorously controlled and cashflow projections updated regularly. Written and verbal presentations to the Board are made in a professional manner, as is communication to shareholders, City commentators and the media. Company secretarial and support services have also performed well. A review of management fees, relative to the peer group, indicates that the fees paid by the Company are competitive. Having regard to the foregoing, the Committee, and hence the Board, believes that the continuing appointment of the Manager on the agreed terms is in the interests of shareholders.

As per the announcement to the market on 27 May 2016, Maven Capital Partners UK LLP replaced Personal Assets Trust Administration Company Limited as the Company's Secretary with effect from that date.

Going concern

The Board considered its obligation to satisfy itself as to the appropriateness of the adoption of the going concern assumption as a basis for preparing the financial statements, taking into account; the £80 million committed, syndicated revolving credit facility with a maturity date of 31 December 2020; the future cashflow projections', and that the Company was cashflow positive during the year and had net liquid resources at the year end. The Audit Committee concluded that the adoption of the going concern basis was appropriate.

The directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

Sustainable and responsible investing ("SRI")

Standard Life Investments Limited ("SLI") is a signatory to the United Nations Principles for Responsible Investing. As a subsidiary of SLI, the Manager has embraced the principles of SRI and adopted the following policies:

- SL Capital Partners LLP believes that a company run in the long-term interests of its shareholders should manage its relationships with its employees, suppliers and customers, and behave responsibly towards the environment and society as a whole;

Corporate Governance

- companies that demonstrate a commitment to environmental and social responsibility are likely to enjoy a comparative advantage in the long run;
- companies that fail to maintain adequate processes to manage these issues increasingly risk damage to their reputation, brand and image that can negatively impact their financial performance; and
- SL Capital Partners LLP seeks to encourage its fund managers to adopt best practice standards of environmental and social management with a view to protecting and enhancing the value of the investments made on behalf of its clients.

Although the Manager has no direct influence on the policies and behaviour of investee companies, it encourages fund managers to adhere to SRI guidelines and to report on any issues that arise in their investment portfolios.

No material SRI issues have been brought to the Manager's attention from within the Company's portfolio during the year ended 30 September 2016.

By order of the Board

Maven Capital Partners UK LLP
Company Secretary

2 December 2016

Report of the Audit Committee

The Audit Committee is chaired by Alastair Barbour and comprises all of the directors. Alastair Barbour is a chartered accountant and a former partner of KPMG and is considered to have the recent and relevant financial experience to Chair the Committee. Alan Devine has an MBA. Christina McComb has an MBA and BA Hons. Edmond Warner has a BA Hons. David Warnock has a B.Comm (Hons) and a C.Dip.A.F and the Board is satisfied, therefore, that the Audit Committee has the competence in accounting and/or auditing which is required to be effective. The Audit Committee's terms of reference, which are available on the Company's website, are reviewed on an annual basis.

The Audit Committee meets at least twice a year and considers reports from the Independent Auditors, the Manager and the Administrator. The main responsibilities of the Audit Committee include:

- monitoring the integrity of the Company's financial statements and appropriateness of its accounting policies;
- reviewing the effectiveness of the Company's system of internal controls (including financial, operational and compliance controls and risk management);
- considering the scope of work undertaken by the Manager's and the Administrator's internal audit and compliance departments, including a review of their 'whistle-blowing' policies; and
- making recommendations to the Board regarding the appointment and independence of the Independent Auditors and the objectivity and effectiveness of the audit process, with particular regard to the level of non-audit fees, if any.

All of the responsibilities listed above were reviewed during the year.

Significant issues or judgements considered by the audit committee

The significant issues or judgements considered by the Audit Committee during the year in relation to the financial statements of the Company were as follows:

- valuation of unquoted investments; and
- over-commitment risk.

Valuation of unquoted investments

The Company's accounting policy for valuing unquoted investments is set out in note 1 (c) on page 43. The Audit Committee reviewed and challenged the valuation prepared by the Manager taking account of the latest available information about the Company's fund investments, the Manager's knowledge of the underlying funds through its participation on fund advisory boards, etc., and comparison to current market data where appropriate. The Audit Committee satisfied itself that the valuation of investments had been carried out consistently with prior periods and in accordance with published industry guidelines. The audit committee also considered the auditors' work and conclusions in this area.

Over-commitment risk

The Board considers and monitors commitments and the risk of over-commitment at all Board meetings. The Audit Committee reviewed how the Company's commitment risks and cashflows had been managed over the course of the financial year and expectations for the future and reviewed the future cashflow projections prepared by the Manager. In particular the Audit Committee considered and questioned the underlying assumptions as to outflows and inflows, based on the Manager's knowledge of developments at the underlying funds and historic accuracy of the model in projecting cashflow. The Audit Committee also considered the auditors' work and conclusions in this area.

Conclusions of the Audit Committee

Having reviewed the reports from the Manager and having considered the significant issues or judgements, the Audit Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

At the request of the Board the Audit Committee considered whether the 2016 Annual Report and Financial Statements was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee is satisfied that, taken as a whole, the Annual Report and Financial Statements is fair, balanced and understandable. In reaching this conclusion the directors have assumed that the reader of the Annual Report and Financial Statements has a reasonable level of knowledge of the investment industry.

External auditors

The Independent Auditors, PricewaterhouseCoopers LLP ("PwC"), attend all meetings of the Audit Committee and meets, at least annually, with the Audit Committee in the absence of the Manager. The Audit Committee discusses and agrees the scope of the audit plan for the full year and the auditor's report on their findings at the conclusion of the audit.

The Audit Committee also received a report from the auditor identifying to its satisfaction how their independence and objectivity is maintained when providing non-audit services. Any non-audit services to be provided by the auditor must be approved by the Audit Committee in advance of any work being carried out. Details of the Auditors' fees, including fees for non-audit services can be found on page 45. The cost of non-audit services provided by the Auditor for the financial year ended 30 September 2016 was £26,000 (2015: £26,000). This comprised £8,000 in relation to tax compliance and £18,000 in relation to the half-year review. The non-audit services are primarily assurance related, and the Audit Committee believe PwC are best placed to provide them on a cost effective basis.

Report of the Audit Committee

The Audit Committee assessed the effectiveness of the audit, the quality of the audit team and advice received from them through a review of interaction with the auditors, reports received from them and discussion with the Manager. The Audit Committee continues to be satisfied with the effectiveness of the work provided by PwC and that they continue to remain objective and independent. The audit engagement partner rotates every five years in accordance with ethical guidelines and 2016 is the first year for the current audit partner.

Appointment of KPMG as Auditor

The Company's external Auditor, PwC has been the Company's Auditor since 2001 however they have indicated they will not seek re-appointment for the year ending 30 September 2017. Under the more restrictive independence requirements of the Revised Ethical Standards 2016 issued by the Financial Reporting Council ("FRC") which are effective for accounting periods beginning after 17 June 2016, the non-audit services which they may provide to Standard Life Group would render them non-independent and unable to provide audit services to the Company.

The Audit Committee have conducted a tender process to find a replacement who could meet the independence criteria under the Revised Ethical Standards. Four audit firms were invited to participate in the process and tenders were submitted by two audit firms in October 2016. The Audit Committee considered each of the tender submissions in detail and had discussions with each party. Following the tender process, the Audit Committee recommended to the Board that the appointment of KPMG LLP ("KPMG") as Auditor be put to shareholders for approval at the next AGM. KPMG's experience demonstrated within the investment trust and private equity sectors, supported the decision that they would be the most suitable firm to provide audit services to the Company.

The Audit Committee recognises that certain non-audit services, and in particular certain tax services, currently provided by the Auditor, will, under new regulations, not be permitted to be performed by the newly appointed Auditor.

KPMG has expressed its willingness to be appointed auditor to the Company. Accordingly, Resolution 10 which is to be put to shareholders at the forthcoming AGM, proposes the appointment of KPMG as Independent Auditor of the Company and also authorises the Directors to fix KPMG's remuneration for the year ending 30 September 2017.

The Audit Committee thanks PwC for their audit work, and assistance to the Committee, over many years. The Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibility) Order 2014 during the year.

Internal controls

The respective responsibilities of the directors and the Independent Auditors in connection with the financial statements appear on pages 31 and 33 to 38 respectively.

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance, against material misstatement or loss.

Under the terms of the investment management and administration agreements, the day to day management and operation of the Company has been delegated to the Manager, the Company Secretary and the Administrator. Clear lines of accountability have been established between the Board, the Manager, the Company Secretary and the Administrator and the Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. The Manager and the Administrator are responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly. The system extends to financial, operational and compliance controls and risk management. The Board reviews financial reports and performance statistics, including projections and management accounts, from the Manager on a regular basis. Twice a year the Audit Committee carries out an assessment of internal risks and controls. In carrying out its review, the Audit Committee has regard to the activities of the Manager, the Company Secretary and the Administrator, including their risk management, internal audit, compliance function and whistle-blowing policies, and the Independent Auditors.

On the basis of this work, the Board confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks and that it has been in place for the year ended 30 September 2016 and up to the date of approval of the annual report and financial statements. It is regularly reviewed by the Board and accords with the FRC's Internal Control: Revised Guidance.

The Audit Committee considers and the Board agrees that an internal audit function is not required by the Company as the internal control systems operated by the Manager's ultimate parent and the Administrator, both of which have strong internal audit functions, provide sufficient assurance over the effectiveness of internal controls.

Alastair Barbour BSc (Hons) FCA
Chairman

2 December 2016

Directors' Remuneration Report

Introduction

The Board has prepared this report in accordance with the requirements of section 421 of the Companies Act 2006. An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting. The Policy on directors' fees set out below was approved by shareholders at the Annual General Meeting held in 2014 and, as this is subject to a vote at least every three years, will be put to the shareholders for approval at the forthcoming Annual General Meeting.

The law requires the Company's Independent Auditors to audit certain of the disclosures provided herein. Where disclosures have been audited, they are indicated as such. The Independent Auditors' opinion is included in their report on page 33.

Remuneration Committee

The Company has five non-executive directors. The Board as a whole fulfils the function of a remuneration committee. The Board has instructed the Manager to provide annually appropriate information to assist the Board in considering the level of directors' fees. The Board also considers the views expressed by the Company's shareholders (whether at a general meeting or otherwise) when formulating the directors' remuneration policy.

Directors shareholdings (audited)

The names of the directors and their shareholdings in the Company at 30 September 2016 are shown in the table below. Subsequent to the year end, Alan Devine purchased 5,511 ordinary shares on 6 October 2016.

Directors and their shareholdings in the Company (audited)	Ordinary shares held as at 30 September	
	2016	2015
Edmond Warner	25,000	25,000
Alastair Barbour	67,773	66,658
Alan Devine	—	—
Christina McComb	4,386	4,386
David Warnock	50,000	50,000

All of the above ordinary shares are held beneficially by the directors and their families.

In addition, the Manager's key executives held the following interests in the shares of the Company at 30 September 2016: Peter McKellar had an interest in 984,570 shares and Roger Pim an interest in 72,256 shares.

Directors' Fees Policy

The Company's policy is to remunerate directors exclusively by fixed fees in cash at a rate which both attracts and retains individuals of the necessary calibre and experience and is comparable to that paid by other companies with similar characteristics. It is intended that this policy will continue until the year ending 30 September 2019.

The fees for the non-executive directors are determined within the limits set out in the Company's articles of association. There is no performance related remuneration scheme and therefore the directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The annual limit on directors' fees in the Company's articles of association is £250,000.

At the September 2016 Board meeting, the Board carried out a review of the level of directors' fees and agreed that directors' fees should be increased from £50,000 to £51,000 per annum for the Chairman, £35,000 to £36,000 per annum for the Senior Independent Director and Chairman of the Audit Committee and £31,000 to £32,000 per annum for each other Director.

Directors' fees excluding VAT and NI (audited)	Year to 30 September	
	2016 £	2015 £
Alastair Barbour	35,000	34,000
Edmond Warner	50,000	49,000
David Warnock	31,000	30,000
Christina McComb	35,000	34,000
Alan Devine	31,000	30,000
Total	182,000	177,000

Directors' service contracts

It is the Board's policy that none of the directors has a service contract. The terms of their appointment provide that a director shall retire and be subject to election by shareholders at the first Annual General Meeting after their appointment and stand for re-election every year thereafter. The terms also provide that a director may be removed without notice and that compensation will not be due on leaving office.

Directors' Remuneration Report

Directors' emoluments for the year (audited)

The directors who served during the year ended 30 September 2016 and the year ended 30 September 2015 received the emoluments, in the form of fees, as described in the table below.

Single Total Figure Table

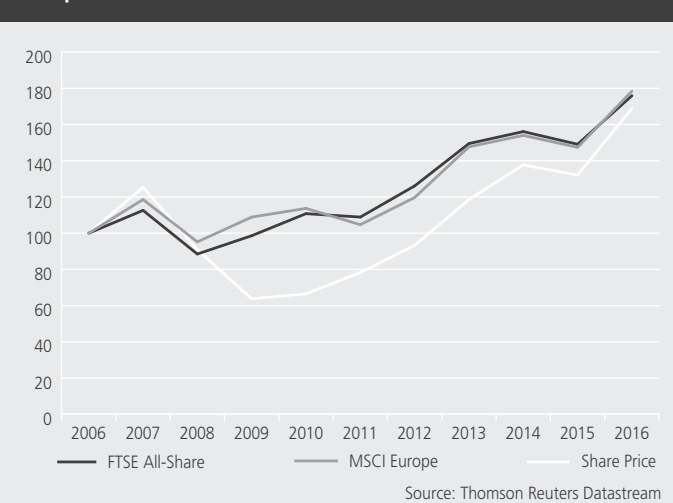
Director	Fees		Total	
	Year to 30 September 2016	Year to 30 September 2015	Year to 30 September 2016	Year to 30 September 2015
Edmond Warner	£50,000	£49,000	£50,000	£49,000
Alastair Barbour	£35,000	£34,000	£35,000	£34,000
Alan Devine	£31,000	£30,000	£31,000	£30,000
Christina McComb	£35,000	£34,000	£35,000	£34,000
David Warnock	£31,000	£30,000	£31,000	£30,000
Total	£182,000	£177,000	£182,000	£177,000

Directors are also reimbursed for out of pocket expenses incurred in attending the Company's business.

Total shareholder return

The graph below presents, for the period from 30 September 2006 to 30 September 2016, the total shareholder return, assuming all dividends were reinvested, for a holding in the Company's ordinary shares, compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the FTSE All-Share and MSCI Europe indices are calculated. These indices, being the two most relevant indices, are chosen for comparative purposes only.

Total cumulative ordinary shareholder return for the ten years to 30 September 2016



Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Remuneration Report summarises the major decisions on directors' remuneration; any substantial changes relating to directors' remuneration made during the year; and the context in which the changes occurred and decisions have been taken.

For Standard Life European Private Equity Trust PLC

Edmond Warner OBE
Chairman

2 December 2016

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion the directors have assumed that the reader of the annual report and financial statements has a reasonable level of knowledge of the investment industry.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on page 16 confirm that, to the best of their knowledge:

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

For Standard Life European Private Equity Trust PLC

Edmond Warner OBE
Chairman

Edinburgh, 2 December 2016

Depository Report

Year ended 30 September 2016

Statement of the Depository's Responsibilities as provided pursuant to the agreement in place between (1) Standard Life European Private Equity Trust Plc (2) BNP Paribas Securities Services, London Branch and (3) SL Capital Partners LLP dated 4 July 2014 (the "Depository Agreement"), and any words and expressions used in this letter which are defined in the Depository Agreement will have the same meaning therein.

Under the Alternative Investment Fund Managers Directive the Depository is responsible for:

1. General oversight including the oversight of the valuation of the Company, investment restrictions and the application and distribution of income;
2. The safekeeping of any Financial Instruments of the Company, and appropriate record keeping of and verification of ownership of Other Assets; and
3. Monitoring the cash flows of the Company, in particular the significant movements and to ensure that reconciliation items are monitored.

Report of the Depository for the Year ended 30 September 2016

Having carried out such procedures as we considered necessary to discharge our responsibilities and duties as Depository of the Company pursuant to the Depository Agreement, it is our opinion, based upon the information available to us and the explanations provided during the period under review, that in all material respects, and in relation to the Company's Constitutive Documents, the Company has carried out its relevant responsibilities to shareholders.

BNP Paribas Securities Services S.A.

2 December 2016

Independent Auditors' Report to the Members of Standard Life European Private Equity Trust PLC

Report on the financial statements

Our opinion

In our opinion, Standard Life European Private Equity Trust PLC (the "company")'s financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

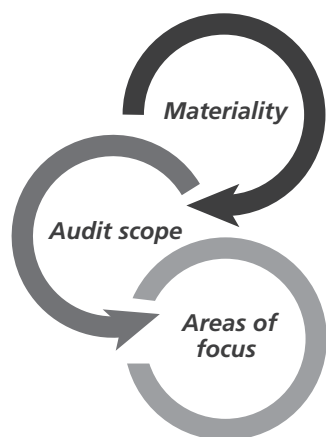
- the Statement of Financial Position as at 30 September 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Our audit approach

Overview



Materiality

- Overall materiality: £5.3m which represents 1% of net assets.

Audit scope

- The company is a standalone Investment Trust Company and engages SL Capital Partners LLP (the "Manager") to manage its assets.
- We conducted elements of our audit of the financial statements at BNP Paribas Securities S. A. (the "Administrator") to whom the company has delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the company, primarily investments in unquoted private equity funds, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the company operates.

Area of focus

- Our areas of focus included:
 - Valuation of investments in unquoted private equity funds.
 - Gains/losses on investments in unquoted private equity funds.
 - Over-commitment risk.
 - Incentive fee.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent Auditors' Report to the Members of Standard Life European Private Equity Trust PLC

Area of focus	How our audit addressed the area of focus
Valuation of investments in unquoted private equity funds <i>Refer to pages 27 and 28 (Report of the Audit Committee) and pages 43 and 44 (Accounting Policies).</i> The investment portfolio at 30 September 2016 comprised investments in unquoted private equity funds. We focussed on the valuation of the investments in unquoted private equity funds as these investments represented a material balance in the financial statements (£433m - 81% of net assets) and the valuation requires estimates and significant judgements to be applied by the Manager which are reviewed and approved by the Board of Directors. Changes to key inputs to the estimates and/or the judgements made can result, either on an individual investment level or in aggregate, in a material change to the valuation of investments in unquoted private equity funds.	We assessed the accounting policy for investments in unquoted private equity funds for compliance with accounting standards; International Private Equity and Venture Capital Valuation Guidelines and the AIC SORP. We performed testing to check that the investments had been accounted for in accordance with the stated accounting policy set out in note 1(c) on page 43 of the financial statements. We found that the accounting policies implemented were in accordance with accounting standards, International Private Equity and Venture Capital Valuations Guidelines, and the AIC SORP. We gained an understanding of the key controls surrounding the valuation of investments in unquoted private equity funds. For a sample of investments we confirmed attendance of a representative of the Manager at the advisory committee meetings held by the underlying fund manager. We also assessed the appropriateness of the directors' judgements and assumptions over the valuation of investments in unquoted private equity funds by comparing the recorded valuations for 98.7% of the portfolio to independent valuations from the General Partners of the private equity funds and by assessing any adjustments made to the independent valuations by the Manager to determine whether there was appropriate evidence to support adjustments made. For the remaining 1.3% of investments, we tested the cash roll forward of the valuations performed by the Manager. The assumptions and judgements made by the directors were consistent with the accounting policy 1(c) on page 43. The Manager made adjustments on the valuation of two unquoted private equity fund investments to provide for carried interest and we found evidence to support these adjustments. In aggregate these adjustments were immaterial with a total value of £2.2m (0.5% of the portfolio). We read the board and valuation committee meeting minutes to understand the directors' and Manager's discussions and decisions over the valuation of investments in unquoted private equity funds. We found no inconsistencies between the minutes reviewed and the decisions made over the valuation of investments in unquoted private equity funds. Our testing did not identify any significant misstatements which required reporting to the Audit Committee based on the above procedures.

Independent Auditors' Report to the Members of Standard Life European Private Equity Trust PLC

Area of focus	How our audit addressed the area of focus
Gains/losses on investments in unquoted private equity funds <i>Refer to pages 43 and 44 (Accounting Policies).</i> We focused on the gains/losses on investments in unquoted private equity funds because of the pressure management may feel to achieve capital growth in line with the objective of the company. In addition the management fee and incentive fee are measured in relation to the net asset value of the company. Incomplete or inaccurate gains/losses on investments in unquoted private equity funds could have a material impact on the company's net asset value.	We gained an understanding of the key controls surrounding recognition of realised and unrealised gains/losses on investments in unquoted private equity funds. We tested journals relating to the gains/losses on investments in unquoted private equity funds and did not find any inappropriate journals impacting gains/losses on investments in unquoted private equity funds. The gains/losses on investments in unquoted private equity funds comprise realised and unrealised gains/losses: - For unrealised gains/losses, we obtained an understanding of, and then tested the valuation process as set out in the 'Valuation of investments in unquoted private equity funds' area of focus, to ascertain whether these gains/losses were appropriately calculated. - For realised gains/losses, we tested a sample of distributions from underlying private equity funds by agreeing the proceeds to bank statements and distribution notices from the General Partners of the underlying private equity funds. Our testing did not identify any significant misstatements which required reporting to the Audit Committee based on the above procedures.
Over-commitment risk <i>Refer to pages 27 and 28 (Report of the Audit Committee).</i> We focused on this area as the company follows a policy of over-commitment with outstanding cash commitments to underlying funds in excess of uninvested capital. If the company does not have the ability to meet commitments, this may lead to investments being sold at a discount to their valuation or legal action being taken against the company. <i>This could impact the status of the company as a going concern. Our consideration of going concern is explained in the section below.</i>	We evaluated the company's current level of commitments, including agreeing the current level of commitments to appropriate legal documentation, and future cash flow forecasts for at least 12 months from the date of approval of these financial statements to determine the ability of the company to meet these future commitments. We assessed and challenged the reasonableness of the Manager's and the directors' assumptions used in the cash flow model. Specifically, this included the estimated timings of future cash inflows and outflows, and the review of the company's loan facility, to assess whether the company has the ability to meet its commitments as they fall due. In performing our assessment of the directors' assumptions we assessed the historic accuracy of key assumptions used in the cash flow forecasting and found no significant issues. We found no inconsistencies between the reported level of commitments and the supporting legal documentation. We assessed assumptions underpinning the cash flow forecasts. We found evidence to support the assumptions used by the Manager and directors that the company has the ability to meet forecasted commitments as they fall due.
Incentive fee <i>Refer to pages 43 and 44 (Accounting Policies) and page 45 (Notes to the accounts).</i> The Company triggered the incentive fee for the performance period from 1 October 2011 to 30 September 2016, as it achieved the hurdle rate defined in the Investment Management Agreement between the Company and the Manager. An incentive fee of £6.4m has been recognised in the year ended 30 September 2016. We focussed on this area due to the nature of this expense and the risks associated with it.	We substantively tested the incentive fee of £6.4m to ensure it had been calculated in accordance with the methodology set out in the Investment Management Agreement, and to ensure that the calculation was consistent with the conclusions reached by the directors of the Company in respect of the treatment of dividends therein. As part of our review we agreed the inputs of the calculation, including dividends declared and the diluted Net Asset Value of the Company. We tested the allocation of the fee to Capital in the Statement of Comprehensive Income, with reference to the accounting policy as set out on pages 43 and 44. No misstatements were identified by our testing which required reporting to the audit committee.

Independent Auditors' Report to the Members of Standard Life European Private Equity Trust PLC

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the company, the accounting processes and controls, and the industry in which the company operates.

The company's accounting is delegated to the Administrator who maintains its own accounting records and controls and reports to the Manager and the directors.

As part of our risk assessment, we obtained an understanding of the control environment in place at both the Manager and the Administrator to the extent relevant to our audit. This assessment involved obtaining and reading the relevant controls reports, issued by the independent auditor of the parent of the Manager and the Administrator in accordance with generally accepted assurance standard for such work, to gain an understanding of both the Manager's and Administrator's control environment and to consider the operating and accounting structure at both the Manager and the Administrator. Following the assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£5.3m (2015: £4.4m).
How we determined it	1% of net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £264,000 (2015: £200,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 25, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were authorised for issue. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the company's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 reporting

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

In our opinion:

- the information given in the Corporate Governance Statement set out on pages 24 to 26 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

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

We have no exceptions to report.

- the statement given by the directors on page 31, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to

Independent Auditors' Report to the Members of Standard Life European Private Equity Trust PLC

be fair, balanced and understandable and provides the information necessary for members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company acquired in the course of performing our audit.

We have no exceptions to report.

- the section of the Annual Report on pages 27 and 28, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report.

The directors' assessment of the prospects of the company and of the principal risks that would threaten the solvency or liquidity of the company

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

- the directors' confirmation on page 31 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity.

We have nothing material to add or to draw attention to.

- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

We have nothing material to add or to draw attention to.

- the directors' explanation on page 18 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the directors' statement that they have carried out a robust assessment of the principal risks facing the company and the directors' statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report - Companies Act 2006 opinion

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

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Companies Act 2006 we are required to report to you if, in our opinion, a corporate governance statement has not been prepared by the company. We have no exceptions to report arising from this responsibility.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Members of Standard Life European Private Equity Trust PLC

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Lindsay Gardiner (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

2 December 2016

Statement of Comprehensive Income

		For the year ended 30 September 2016			For the year ended 30 September 2015		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total capital gains on investments	9	—	100,041	100,041	—	40,346	40,346
Currency gains	14	—	8,727	8,727	—	495	495
Income	2	10,655	—	10,655	11,917	—	11,917
Investment management fee	3	(396)	(3,563)	(3,959)	(342)	(3,082)	(3,424)
Incentive fee	3	—	(6,447)	(6,447)	—	—	—
Administrative expenses	4	(806)	—	(806)	(715)	—	(715)
Profit on ordinary activities before finance costs and taxation		9,453	98,758	108,211	10,860	37,759	48,619
Finance costs	5	(130)	(657)	(787)	(127)	(1,141)	(1,268)
Profit on ordinary activities before taxation		9,323	98,101	107,424	10,733	36,618	47,351
Taxation	6	(2,207)	1,434	(773)	(1,784)	1,627	(157)
Net profit on ordinary activities after taxation		7,116	99,535	106,651	8,949	38,245	47,194
Net profit per ordinary share	8	4.59p	64.15p	68.74p	5.69p	24.35p	30.04p

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

There are no items of other comprehensive income, therefore this statement is the single statement of comprehensive income of the Company.

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

No operations were acquired or discontinued in the year.

The dividend which has been recommended based on this Statement of Comprehensive Income is 5.40p (2015: 5.25p) per ordinary share.

Statement of Financial Position

	Notes	At 30 September 2016		At 30 September 2015	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments	9		433,392		406,332
Current assets					
Receivables	10	774		729	
Cash and cash equivalents		105,883		32,099	
		<u>106,657</u>		<u>32,828</u>	
Creditors: amounts falling due within one year					
Payables	11	<u>(7,417)</u>		<u>(420)</u>	
Net current assets			99,240		32,408
Total assets less current liabilities			<u>532,632</u>		<u>438,740</u>
Capital and reserves					
Called-up share capital	13		307		312
Share premium account	14		86,485		86,485
Special reserve	14		51,503		56,024
Capital redemption reserve	14		94		89
Capital reserves	14		379,915		280,380
Revenue reserve	14		<u>14,328</u>		<u>15,450</u>
Total shareholders' funds			<u>532,632</u>		<u>438,740</u>
Net asset value per equity share	15		346.4p		281.6p

The financial statements on pages 39 to 54 were approved by the board of directors on 2 December 2016 and were signed on its behalf by:

Edmond Warner OBE

Chairman

2 December 2016

Statement of Changes in Equity

For the year ended 30 September 2016

	Notes	Called-up share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2015		312	86,485	56,024	89	280,380	15,450	438,740
Profit on ordinary activities after taxation		—	—	—	—	99,535	7,116	106,651
Buy back of ordinary shares		(5)	—	(4,521)	5	—	—	(4,521)
Dividends paid	7	—	—	—	—	—	(8,238)	(8,238)
Balance at 30 September 2016	13,14	307	86,485	51,503	94	379,915	14,328	532,632

For the year ended 30 September 2015

	Notes	Called-up share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2014		318	86,485	62,947	83	242,135	17,134	409,102
Profit on ordinary activities after taxation		—	—	—	—	38,245	8,949	47,194
Buy back of ordinary shares		(6)	—	(6,923)	6	—	—	(6,923)
Dividends paid	7	—	—	—	—	—	(10,633)	(10,633)
Balance at 30 September 2015	13,14	312	86,485	56,024	89	280,380	15,450	438,740

Statement of Cash Flows

		For the year ended 30 September 2016		For the year ended 30 September 2015	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net profit on ordinary activities after taxation			106,651		47,194
Adjusted for:					
Finance costs			787		1,268
Taxation on ordinary activities			773		157
Gains on disposal of investments			(57,595)		(29,636)
Revaluation of investments			(42,446)		(10,710)
Currency gains			(8,727)		(495)
Loan interest receivable			(9,107)		(10,160)
Dividends receivable			(2,155)		(2,797)
Loan interest received			9,107		10,160
Dividends received			2,155		2,797
(Increase)/decrease in debtors			(15)		4
Increase in creditors			7,000		235
Tax deducted from non - UK income			(773)		(157)
UK Corporation Tax paid			(200)		—
Interest paid			(620)		(822)
Loan arrangement fee paid			—		(690)
Net cash inflow from operating activities			4,835		6,348
Investing activities					
Purchase of investments	9	(85,540)		(106,307)	
Disposal of underlying investments by funds	9	158,521		106,283	
Disposal of fund investments by way of secondary sales	9	—		21,661	
Net cash inflow from investing activities			72,981		21,637
Financing activities					
Buy back of ordinary shares		(4,521)		(7,323)	
Ordinary dividends paid		(8,238)		(10,633)	
Net cash outflow from financing activities			(12,759)		(17,956)
Net increase in cash and cash equivalents			65,057		10,029
Cash and cash equivalents at the beginning of the year			32,099		21,575
Currency gains on cash and cash equivalents			8,727		495
Cash and cash equivalents at the end of the year			105,883		32,099
Cash and cash equivalent consists of:					
Money market funds			45,934		—
Cash and short term deposits			59,949		32,099
Cash and cash equivalents			105,883		32,099

Notes to the Financial Statements

1 Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006, Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The Directors believe that this is appropriate for the reasons outlined in the Directors' Report on page 25. The principal accounting policies adopted are set out below. These policies have been applied consistently throughout the current and prior year.

These financial statements are the first since FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) came into effect for accounting periods beginning on or after 1 January 2015. The impact of adopting FRS 102 did not require any restatement of balances as at the transition date, 1 October 2014, or comparative figures in the Statement of Financial Position or the Statement of Comprehensive Income. The Company has chosen to early adopt the Amendments to FRS 102, paragraph 34.22 which revise the disclosure requirements for financial institutions, specifically in relation to the fair value hierarchy as presented within note 19. These amendments were approved for issue on 3 March 2016 and are effective for accounting periods beginning on or after 1 January 2017.

(b) Revenue, expenses and finance costs

Dividends from quoted investments are included in revenue by reference to the date on which the price is marked ex-dividend. Income on quoted investments and other interest receivable are dealt with on an accruals basis. Dividends and income from unquoted investments are included when the right to receipt is established. Dividends are accounted for as Income from investments in the Statement of Comprehensive Income. All expenses are accounted for on an accruals basis. Incentive fees are recognised in the Statement of Comprehensive Income as they are earned and when the return exceeds the specified hurdle rate.

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account of the Statement of Comprehensive Income except as follows:

- transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Statement of Comprehensive Income;
- the Company charges 90% of investment management fees and finance costs to capital, in accordance with the Board's expected long-term split of returns between capital gains and income from the Company's investment portfolio. Bank interest paid has arisen as a consequence of negative interest rates on Euro cash balances and has been charged wholly to revenue; and
- any incentive fees payable are allocated wholly to capital, as they are expected to be attributable largely, if not wholly, to capital performance.

(c) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. On the date of making a legal commitment to invest in a fund, such commitment is recorded and disclosed. When funds are drawn in respect of such fund commitment the resulting investment is recognised in the financial statements. The investment is removed when it is realised or the fund is wound up. Subsequent to initial recognition, investments are valued at fair value as detailed below. Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserves.

Unquoted investments are stated at the directors' estimate of fair value and follow the recommendations of the EVCA and the BVCA. The estimate of fair value is normally the latest valuation placed on a fund by its manager as at the Statement of Financial Position date. The valuation policies used by the manager in undertaking that valuation will generally be in line with the joint publication from the EVCA and the BVCA, 'International Private Equity and Venture Capital Valuation guidelines'. Where formal valuations are not completed as at the Statement of Financial Position date the last available valuation from the fund manager is adjusted for any subsequent cash flows occurring between the valuation date and the Statement of Financial Position date. The Company's Manager may further adjust such valuations to reflect any changes in circumstances from the last manager's formal valuation date to arrive at the estimate of fair value.

For listed investments, fair value is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service.

(d) Dividends payable - Interim and final dividends are recognised in the period in which they are paid. Scrip dividends are recognised in the period in which shares are issued.

Notes to the Financial Statements

1. Accounting policies (continued)

(e) Capital and reserves

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

Special reserve - The use for the special reserve is disclosed in note 14.

Capital reserves - Gains or losses on investments realised in the year that have been recognised in the Statement of Comprehensive Income are transferred to the "capital reserve - gains/(losses) on disposal". In addition, any prior unrealised gains or losses on such investments are transferred from the "capital reserve - revaluation" to the "capital reserve - gains/(losses) on disposal" on the disposal of the investment. Increases and decreases in the fair value of investments are recognised in the Statement of Comprehensive Income and are then transferred to the "capital reserve - revaluation".

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

(f) Taxation

i) Current taxation - Provision for corporation tax is made at the current rate on the excess of taxable income net of any allowable deductions.

ii) Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Statement of Financial Position date, measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

Due to the Company's status as an investment trust company, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Overseas currencies - Overseas assets and liabilities are translated at the exchange rate prevailing at the Company's Statement of Financial Position date. Gains or losses on translation of investments held at the year end are accounted for through the Statement of Comprehensive Income and transferred to capital reserves. Gains or losses on the translation of overseas currency balances held at the year end are also accounted for through the Statement of Comprehensive Income and transferred to capital reserves.

Rates of exchange to sterling at 30 September were:

	2016	2015
Euro	1.1559	1.3570
US dollar	1.2990	1.5148

Transactions in overseas currency are translated at the exchange rate prevailing on the date of transaction.

(h) Judgements and key sources of estimation uncertainty - The preparation of financial statements requires the Company to make estimates and assumptions and exercise judgements in applying the accounting policies that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses arising during the year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The area where estimates and assumptions have the most significant effect on the amounts recognised in the financial statements is the determination of fair value of unquoted investments, as disclosed in note 1(c).

(i) Cash and cash equivalents - Cash comprises bank balances and cash held by the Company. Cash equivalents comprise AAA money market funds which are used by the Company to provide additional short-term liquidity. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

	Year to 30 September 2016 £'000	Year to 30 September 2015 £'000
2. Income		
Income from fund investments	10,338	11,065
Income from index tracker funds	306	836
Interest from cash balances and money market funds	11	16
Total income	10,655	11,917

	Year to 30 September 2016			Year to 30 September 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
3. Investment management and incentive fees						
Investment management fee	396	3,563	3,959	342	3,082	3,424
Incentive fee	—	6,447	6,447	—	—	—
	396	10,010	10,406	342	3,082	3,424

The investment management fee payable to the Manager is 0.8% per annum of the investments and other assets of the Company and any subsidiaries less the aggregate of the liabilities of the Company and any subsidiaries. The investment management fee is allocated 90% to the realised capital reserve and 10% to the revenue account. The management agreement between the Company and the Manager is terminable by either party on twelve months written notice.

The Manager is also entitled to an incentive fee at 30 September 2016. For an incentive fee to be payable, the Company's net asset value total return must grow by more than 8% compound per annum (before any accrual for the incentive fee) over the five year period to 30 September 2016. The Manager is entitled to an incentive fee of 10% of the growth in NAV (before any accrual for the incentive fee) in excess of the hurdle rate, multiplied by the number of ordinary shares in issue on 1 October 2011 (adjusted in certain circumstances to reflect subsequent share issuance and/or a material reduction in the Company's issued share capital). At 30 September 2016 the net asset value total return was 371.0p and had exceeded the 8% per annum compound growth hurdle at the same date of 331.9p.

	Year to 30 September 2016 £'000	Year to 30 September 2015 £'000
4. Administrative expenses		
Directors' fees	182	177
Secretarial and administration fees	177	171
Marketing/Advertising	141	82
Depositary fees	86	79
Auditors' remuneration – statutory audit	28	27
– interim review	18	17
– taxation services	8	9
Professional and consultancy fees	30	—
Fees and subscriptions	27	28
Legal fees	7	51
Other expenses	102	74
	806	715

Irrecoverable VAT has been shown under the relevant expense line.

The administration fee payable to BNP Paribas Securities S.A. is adjusted annually in line with the retail prices index. The administration agreement is terminable by the Company on three months' notice.

The secretarial fee payable to Maven Capital Partners UK LLP is adjusted annually in line with the retail prices index. The secretarial agreement is terminable by the Company on six months' notice.

The emoluments paid to the directors during the year can be found in the Directors' Remuneration Report on pages 29 and 30.

Notes to the Financial Statements

5. Finance costs	Year to 30 September 2016			Year to 30 September 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loan commitment fee	56	504	560	81	731	812
Bank loan arrangement fee	17	153	170	46	410	456
Bank interest paid	57	—	57	—	—	—
Total	130	657	787	127	1,141	1,268

6. Taxation	Year to 30 September 2016 £'000	Year to 30 September 2015 £'000
(a) Analysis of the tax charge throughout the year		
Overseas withholding tax	773	157
	773	157

(b) Factors affecting the total tax charge for the year	Year to 30 September 2016			Year to 30 September 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	9,323	98,101	107,424	10,733	36,618	47,351

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below.

Return on ordinary activities multiplied by the effective rate of corporation tax in the UK - 20% (2015: 20.5%)	1,865	19,620	21,485	2,200	7,507	9,707
Capital gains ¹	—	(19,620)	(19,620)	—	(7,507)	(7,507)
Non taxable income	(431)	—	(431)	(573)	—	(573)
Overseas withholding tax	773	—	773	157	—	157
Tax relief for expenses taken to capital	—	(1,434)	(1,434)	—	(1,627)	(1,627)
Total tax charge/(credit) for the year	2,207	(1,434)	773	1,784	(1,627)	157

¹The Company carries on business as an investment trust company with respect to sections 1158-1159 of the Corporation Tax Act 2010. As such any capital gains are exempt from UK taxation.

(c) Factors that may affect future tax charges

At the year end there is a potential deferred tax asset of £1,307,000 (2015: £654,000) in relation to excess management expenses carried forward. The deferred tax asset is unrecognised at the year end in line with the Company's stated accounting policy.

Changes to the UK corporation tax rates were substantially enacted as part of Finance bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the Statement of Financial Position date have been measured using these enacted rates and reflected in these financial statements.

7. Dividend on ordinary shares	Year to 30 September 2016 £'000	Year to 30 September 2015 £'000
Amount recognised as a distribution to equity holders in the year:		
2015 final dividend of 3.50p (2015: 5.00p) per ordinary share paid on 29 January 2016 (2015: paid on 30 January 2015)	5,452	7,884
2016 interim dividend of 1.80p (2015: 1.75p) per ordinary share paid on 15 July 2016 (2015: paid on 10 July 2015)	2,786	2,749
	8,238	10,633

Notes to the Financial Statements

7. Dividend on ordinary shares (continued)

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of sections 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of a dividend for the year is £7,116,000 (2015: £8,949,000).

	Year to 30 September 2016 £'000	Year to 30 September 2015 £'000
2016 interim dividend of 1.80p (2015: 1.75p) per ordinary share paid on 15 July 2016 (2015: paid on 10 July 2015)	2,786	2,749
Proposed 2016 final dividend of 3.60p per ordinary share (2015 final dividend: 3.50p per ordinary share) due to be paid on 27 January 2017 (paid 29 January 2016).	5,535	5,452
	8,321	8,201

8. Net return per ordinary share

The net return per ordinary share is based on the following figures:

	Year to 30 September 2016		Year to 30 September 2015	
	p	£'000	p	£'000
Revenue net return	4.59	7,116	5.69	8,949
Capital net return	64.15	99,535	24.35	38,245
Total net return	68.74	106,651	30.04	47,194
Weighted average number of ordinary shares in issue:		155,155,447		157,081,338

9. Investments

Fair value through profit or loss:

	30 September 2016			30 September 2015		
	Index tracker funds £'000	Fund investments £'000	Total £'000	Index tracker funds £'000	Fund investments £'000	Total £'000
Opening market value	37,339	368,993	406,332	39,161	348,462	387,623
Opening investment holding losses	1,817	35,258	37,075	395	47,390	47,785
Opening book cost	39,156	404,251	443,407	39,556	395,852	435,408
Movements in the year:						
Additions at cost	—	66,193	66,193	9,000	96,522	105,522
Secondary purchases	—	19,099	19,099	—	—	—
Dividends reinvested	248	—	248	785	—	785
Disposal of underlying investments by funds	(41,384)	(117,137)	(158,521)	(10,500)	(95,783)	(106,283)
Disposal of fund investments by way of secondary sales	—	—	—	—	(21,661)	(21,661)
	(1,980)	372,406	370,426	38,841	374,930	413,771
Gains on disposal of underlying investments	1,980	56,172	58,152	315	40,725	41,040
Losses on liquidation of fund investments	—	(557)	(557)	—	(11,966)	(11,966)
Gains on disposal of fund investments by way of secondary sales	—	—	—	—	562	562
Closing book cost	—	428,021	428,021	39,156	404,251	443,407
Closing investment holding gains/(losses)	—	5,371	5,371	(1,817)	(35,258)	(37,075)
Closing market value	—	433,392	433,392	37,339	368,993	406,332

	30 September 2016			30 September 2015		
	Index tracker funds £'000	Fund investments £'000	Total £'000	Index tracker funds £'000	Fund investments £'000	Total £'000
Gains on investments:						
Net gains on disposal of investments	1,980	55,615	57,595	315	29,321	29,636
Net revaluation of investments	1,817	40,629	42,446	(1,422)	12,132	10,710
	3,797	96,244	100,041	(1,107)	41,453	40,346

Notes to the Financial Statements

9. Investments (continued)

Transaction costs

During the year expenses were incurred in acquiring or disposing of investments. These have been expensed through capital and are included within gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	30 September 2016 £'000	30 September 2015 £'000
Purchases in respect of unquoted fund investments	30	147
Secondary sales	—	30
	30	177

10. Receivables

Amounts falling due within one year:

	30 September 2016 £'000	30 September 2015 £'000
Unamortised loan arrangement fees	520	690
Corporation tax recoverable	200	—
Prepayments	52	38
Interest receivable	2	1
	774	729

11. Payables

	30 September 2016 £'000	30 September 2015 £'000
Incentive fee	6,447	—
Management fee	838	237
Secretarial and administration fee	35	28
Loan interest and commitment fee	17	20
Accruals and deferred income	80	135
	7,417	420

12. Bank loans

At 30 September 2016, the Company had an £80 million (2015: £80 million) committed, multi currency syndicated revolving credit facility provided by Citi and Societe Generale of which £nil (2015: £nil) had been drawn down. The facility expires on 31 December 2020. The interest rate on this facility is LIBOR plus 1.50% rising to 1.70% depending on utilisation and the commitment fee payable on non-utilisation is 0.7% per annum.

13. Called up share capital

	30 September 2016 £	30 September 2015 £
Issued:		
153,746,294 (2015 - 155,776,294) ordinary shares of 0.2p - fully paid	307,493	311,553
	307,493	311,553

The Company bought back 2,030,000 (2015: 3,146,000) ordinary shares at a cost of £4,521,000 (2015: £6,923,000) including expenses.

Notes to the Financial Statements

14. Reserves	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves		
				Gains/(losses) on disposal £'000	revaluation £'000	Revenue reserve £'000
Opening balances at 1 October 2015	86,485	56,024	89	317,455	(37,075)	15,450
Gains on disposal of investments	—	—	—	57,595	—	—
Management fee charged to capital	—	—	—	(3,563)	—	—
Incentive fee	—	—	—	(6,447)	—	—
Finance costs charged to capital	—	—	—	(657)	—	—
Tax relief on management fee and finance costs above	—	—	—	1,434	—	—
Currency gains	—	—	—	8,727	—	—
Revaluation of investments	—	—	—	—	42,446	—
Buy back of ordinary shares	—	(4,521)	5	—	—	—
Return on ordinary activities after taxation	—	—	—	—	—	7,116
Dividends during the year	—	—	—	—	—	(8,238)
Closing balances at 30 September 2016	86,485	51,503	94	374,544	5,371	14,328

Court approval was given on 27 September 2001 for 50% of the initial premium arising on the issue of the ordinary share capital to be cancelled and transferred to a special reserve. The reserve is a distributable reserve and may be applied in any manner as a distribution, other than by way of a dividend.

15. Net asset value per equity share	30 September 2016	30 September 2015
Basic:		
Ordinary shareholders' funds	£532,632,079	£438,740,232
Number of ordinary shares in issue	153,746,294	155,776,294
Net asset value per ordinary share	346.4p	281.6p

The net asset value per ordinary share and ordinary shareholders' funds are calculated in accordance with the Company's articles of association.

16. Commitments and contingent liabilities	30 September 2016 £'000	30 September 2015 £'000
Outstanding calls on investments	305,886	245,826

This represents commitments made to fund investments remaining undrawn.

17. Parent undertaking and related party transactions

The Manager during the year was SL Capital Partners LLP which is part of Standard Life Investments Limited. Standard Life Investments Limited is a wholly owned subsidiary of Standard Life plc, the ultimate parent undertaking of the Company. The financial statements of the ultimate parent undertaking are the only group financial statements incorporating the financial statements of the Company. Copies of the financial statements of the ultimate parent undertaking are available to download from the website www.standardlife.com.

Standard Life plc and the Company have entered into a relationship agreement which provides that, for so long as Standard Life plc and its subsidiaries exercise, or control the exercise, of 30% or more of the voting rights of the Company, Standard Life plc will not seek to nominate directors who are not independent of Standard Life plc and will not take, in its capacity as a beneficial holder of any ordinary shares, any action which would be detrimental to the general body of shareholders. For this purpose any action which has the support or recommendation of a majority of the directors shall be deemed not to be detrimental. A more detailed summary of the terms of the relationship agreement are set out in the Directors' Report on pages 21 and 22. During the year ended 30 September 2016, Standard Life plc received dividends from the Company totalling £4,564,000 (2015: £5,813,000).

The Company invests in the Standard Life Investments Liquidity Funds which are managed by Standard Life Investments Limited. As at 30 September 2016 the Company had invested £45,934,000 in the Standard Life Investments Liquidity Funds (2015: nil) which are included within cash and cash equivalents in the Statement of Financial Position. As at 30 September 2016 interest of £8,000 was due to the Company (2015: nil). No additional fees are payable to Standard Life as a result of this investment.

Notes to the Financial Statements

17. Parent undertaking and related party transactions (continued)

During the year ended 30 September 2016 the Manager charged management fees totalling £3,959,000 (2015: £3,424,000) to the Company in the normal course of business. The balance of management fees outstanding at 30 September 2016 was £838,000 (2015: £237,000).

As at 30 September 2016 the incentive fee payable to the Manager was £6,447,000 (2015: nil). Details of the incentive fee are disclosed in note 3.

During the year ended 30 September 2016 the directors of the Company received fees for their services. Details of these fees are provided in the Directors' Remuneration Report on page 30. The directors were reimbursed £11,000 (2015: £5,000) for out of pocket expenses incurred in attending the Company's business. No amounts were outstanding to the directors at the year end (2015: nil). The directors shareholdings are also detailed on page 29.

No other related party transactions were undertaken during the year ended 30 September 2016.

18 Risk management, financial assets and liabilities

Financial assets and liabilities

The Company's financial instruments comprise fund and other investments, money market funds, cash balances, loans and debtors and creditors that arise from its operations. The assets and liabilities are managed with the overall objective of achieving long-term capital gains for shareholders.

Summary of financial assets and financial liabilities by category

The carrying amounts of the Company's financial assets and financial liabilities, as recognised at the Statement of Financial Position date of the reporting periods under review, are categorised as follows:

	30 September 2016 £'000	30 September 2015 £'000
Financial assets		
Financial assets at fair value through profit or loss:		
Fixed asset investments – designated as such on initial recognition	433,392	406,332
Loans and receivables:		
Current assets:		
Debtors (accrued income and other debtors)	774	729
Money market funds, cash and short term deposits	105,883	32,099
	540,049	439,160
Financial liabilities		
Measured at amortised cost:		
Creditors: amounts falling due within one year:		
Accruals	7,417	420
	7,417	420

Fair values of financial assets and financial liabilities

The carrying value of the current assets and liabilities is deemed to be fair value due to the short term nature of the instruments and/or the instruments bearing interest at the market rates.

Risk management

The directors manage investment risk principally through setting an investment policy and by contracting management of the Company's investments to an investment manager under terms which incorporate appropriate duties and restrictions and by monitoring performance in relation to these. The Company's investments are in private equity funds, typically unquoted limited partnerships and also in index tracker funds. These private equity funds are valued by their managers generally in line with the EVCA and the BVCA guidelines, which provide for a fair value basis of valuation. The funds may hold investments that have become quoted and these will be valued at the appropriate listed price, subject to any discount for marketability restrictions.

As explained in the Company's investment policy, risk is spread by investing across a range of countries and industrial sectors, thereby reducing excessive exposure to particular areas. The Manager's investment review and monitoring process is used to identify and, where possible, reduce risk of loss of value in the Company's investments.

Notes to the Financial Statements

18 Risk management, financial assets and liabilities (continued)

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are market risk, over-commitment risk, liquidity risk, credit risk and interest rate risk.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Company are discussed below.

Market risk

a) Price risk

The Company is at risk of the economic cycle impacting the listed financial markets and hence potentially affecting the pricing of new underlying investments, the valuation of existing underlying investments and the price and timing of exits. By having a diversified and rolling portfolio of fund investments the Company is well placed to take advantage of economic cycles.

100% of the Company's investments are held at fair value. The valuation methodology employed by the managers of these funds may include the application of EBITDA ratios derived from listed companies with similar characteristics. Therefore, the value of the Company's portfolio is indirectly affected by price movements on listed financial exchanges. A 10% increase in the valuation of investments at 30 September 2016 would have increased the net assets attributable to the Company's shareholders and the total return for the year by £43,339,000 (2015: £40,633,000); a 10% change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total return for the year by an equivalent amount.

b) Currency risk

The Company makes fund commitments in currencies other than sterling and, accordingly, a significant proportion of its investments and cash balances are in currencies other than sterling. In addition, the Company's syndicated revolving credit facility is a multi-currency facility. Therefore, the Company's Statement of Financial Position is sensitive to movements in foreign exchange rates. The Manager monitors the Company's exposure to foreign currencies and reports to the Board on a regular basis. It is not the Company's policy to hedge this foreign currency risk. It is expected that the majority of the Company's commitments and investments will be denominated in euros. Accordingly, the majority of the Company's liquidity and any indebtedness is usually held in that currency. No currency swaps or forwards were used during the year.

The table below sets out the Company's currency exposure.

	30 September 2016		30 September 2015	
	Local Currency '000	Sterling Equivalent £'000	Local Currency '000	Sterling Equivalent £'000
Fixed asset investments:				
Sterling	13,776	13,776	44,787	44,787
Euro	435,103	376,419	452,215	333,246
US Dollar	56,113	43,197	42,866	28,299
Money market funds, cash and short term deposits:				
Sterling	48,825	48,825	310	310
Euro	51,453	44,513	37,650	27,745
US Dollar	16,296	12,545	6,126	4,044
Other debtors and creditors:				
Sterling	(6,643)	(6,643)	309	309
Total		<u>532,632</u>		<u>438,740</u>
Outstanding commitments:				
Sterling	19,406	19,406	26,971	26,971
Euro	275,196	238,079	250,102	184,305
US Dollar	62,873	48,401	52,335	34,550
Total		<u>305,886</u>		<u>245,826</u>

The revenue account is subject to currency fluctuations arising on overseas income. The Company does not hedge this currency risk.

Notes to the Financial Statements

18 Risk management, financial assets and liabilities (continued)

c) Currency sensitivity

During the year ended 30 September 2016 sterling depreciated by 14.8% relative to the euro (2015: appreciated 5.7%) and depreciated by 14.2% relative to the US dollar (2015: depreciated 6.6%).

To highlight the sensitivity to currency movements, if the value of sterling had weakened against both of the above currencies by 10% compared to the exchange rates at 30 September 2016, the capital gain would have increased for the year by £52,964,000 (2015: increase of £43,704,000 in capital gain); a 10% change in the opposite direction would have decreased the capital gain for the year by £43,334,000 (2015: £35,758,000).

The calculations above are based on the portfolio valuation and cash and loan balances as at the respective Statement of Financial Position dates and are not necessarily representative of the year as a whole.

Based on similar assumptions, the amount of outstanding commitments would have increased by £31,832,000 at the year end (2015: £24,317,000), a 10% change in the opposite direction would have decreased the amount of outstanding commitments by £26,043,000 (2015: £19,896,000).

Over-commitment risk

The Board has taken the decision to make commitments to new fund investments which are greater than the current cash and committed credit facilities. As private equity funds generally call monies over a five year period whilst they are making investments, the draw downs for funds which are investing should be offset by the more mature funds which are realising their investments and distributing cash back to the Company. The Manager monitors the Company's ongoing cash requirements by the use of cash flow modelling and reports to the Board on a regular basis. To minimise the risk of having an obligation to pay out more cash than is in the bank or on short-term deposit on any particular day, a committed, multi-currency revolving credit facility was arranged, provided by Citi and Societe Generale. As at 30 September 2016 and 2015, £nil of the loan facility had been drawn down.

Liquidity risk

The Company has significant investments in unquoted fund investments which are relatively illiquid. As a result, the Company may not be able to quickly liquidate its investments in these funds at an amount close to their fair value in order to meet its liquidity requirements, including the need to meet outstanding undrawn commitments. The Company manages its liquid investments to ensure sufficient cash is available to meet contractual commitments and also seeks to have cash available to meet other short term financial needs. Short term flexibility is achieved, where necessary, through the use of the syndicated revolving multi-currency loan facility. Liquidity risk is monitored by the Manager on an ongoing basis and by the Board on a regular basis. Current liabilities, as disclosed in note 11, all fall due within one year and the loan facility, as disclosed in note 12, remains undrawn.

Credit risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits. The Company places funds with authorised deposit takers from time to time and, therefore, is potentially at risk from the failure of any such institution. At the year end, the Company's financial assets exposed to credit risk amounted to the following:

	30 September 2016 £'000	30 September 2015 £'000
Money market funds, cash and short term deposits	105,883	32,099

The Company's cash is held by BNP Paribas Securities Services S.A. and Societe Generale, which are rated 'A' by Standard and Poors. Should the credit quality or the financial position of either bank deteriorate significantly, the Manager would move the cash balances to another institution. The Company's money market funds are held in two Standard Life Investments Liquidity funds, which are rated 'AAA' by Moody's.

Interest rate risk

The Company will be affected by interest rate changes as it holds some interest bearing financial assets and liabilities which are shown in the table below, however, the majority of its financial assets are investments in private equity funds which are non-interest bearing. Interest rate movements may affect the level of income receivable on money market funds and cash deposits and interest payable on the Company's variable rate borrowings. The possible effects on the cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. Derivative contracts are not used to hedge against any exposure to interest rate risk.

Notes to the Financial Statements

18 Risk management, financial assets and liabilities (continued)

Interest risk profile

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

	30 September 2016		30 September 2015	
	Weighted average interest rate	£'000	Weighted average interest rate	£'000
	%		%	
Floating rate				
Financial assets: Money market funds, cash and short term deposits	(0.10)	105,883	0.01	32,099
	(0.10)	105,883	0.01	32,099

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on the bank balances is based on the interest rate payable, weighted by the total value of the balances. The weighted average period for which interest rates are fixed on the bank balances is 31.0 days (2015: 31.0 days). The loan facility, as disclosed on note 12, remains undrawn.

Interest rate sensitivity

An increase of 100 basis points in interest rates would have decreased the net assets attributable to the Company's shareholders and decreased the total gain for the year ended 30 September 2016 by £8,000 (2015: £13,000). A decrease of 100 basis points would have increased the net assets attributable to the Company's shareholders and increased the total gain for the year ended 30 September 2016 by an equivalent amount. The calculations are based on the interest paid and received during the year.

Operating and control environment risk

The Board is responsible for the Company's system of internal controls. The Manager, the Administrator and Depositary have in place control systems which include the custody and safeguarding of the Company's assets, compliance with regulations (mainly sections 1158-1159 of the Corporation Tax Act 2010, Companies Act and Listing Rules) and the provision of accurate financial reporting. There is a risk that the Manager and Administrator fail to ensure that their controls are performed in a satisfactory manner. The Board monitors the services and systems provided by the Manager and Administrator and reviews their internal control reports to ensure that an effective system of internal controls is maintained.

Alternative Investment Fund Managers Directive

The Directive requires the Manager of the Fund (the "AIFM") to set leverage limits for the Company, which are approved by the Board. Under the Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of the Company's exposure to its net asset value and is calculated on both a gross and commitment method. Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.

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

	30 September 2016	
	Gross method	Commitment method
Leverage exposure		
Maximum limit	250.0%	250.0%
Actual	92.1%	101.3%
	30 September 2015	
	Gross method	Commitment method
Leverage exposure		
Maximum limit	250.0%	250.0%
Actual	99.9%	99.9%

Notes to the Financial Statements

19 Fair value hierarchy

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

- Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The Company's financial assets and liabilities, measured at fair value in the Statement of Financial Position, are grouped into the following fair value hierarchy at 30 September 2016:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Unquoted investments	—	—	433,392	433,392
Quoted investments	—	—	—	—
Net fair value	—	—	433,392	433,392

As at 30 September 2015

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Unquoted investments	—	—	368,993	368,993
Quoted investments	—	37,339	—	37,339
Net fair value	—	37,339	368,993	406,332

Unquoted investments

The fair value of the Company's investments in unquoted fund interests has been determined by reference to primary valuation techniques described in note 1(c) to these financial statements.

Quoted investments

The Company did not hold any quoted investments at the year end. At 30 September 2015, the Company's investments included two index tracker funds which were actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date.

A reconciliation of fair value measurements in Levels 1 and 3 are set out in note 9 to these financial statements. There have been no movements between the different levels within the fair value hierarchy.

Information for Investors

Registered address

This report has been mailed to shareholders at the address shown on the Company's share register. Any change of address should be advised to the Registrars at the following address under the signature of the shareholder:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Registrars' shareholder helpline: 0371 384 2618

Registrars' broker helpline: 0906 559 6025*

* Calls cost £1.10 per minute plus your phone company's access charge.

If your shares are held via nominees you should contact them with any change of address.

Dividends

Ordinary dividends are paid in January and July each year. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA on request. The Company operates the BACS system for the payment of dividends. Where dividends are paid directly to shareholders' bank accounts, dividend tax vouchers are sent to shareholders' registered addresses.

Dividend Reinvestment Plan

Shareholders who wish to use their dividends to purchase further shares in the Company by participating in the Company's Dividend Reinvestment Plan can complete a mandate form which may be obtained from Equiniti Limited at the above address.

Ordinary share price and net asset value

The Company's ordinary share price is published in the Financial Times.

The Company's ordinary share capital is admitted to trading on the London Stock Exchange. The Stock Exchange code for the Company's ordinary shares is SEP. The Company's Sedol number is 3047468 and the ISIN number is GB0030474687.

In view of the unlisted nature of the Company's investment portfolio, the NAV is announced to the Stock Exchange quarterly. The Company also issues estimated NAV's on a monthly basis.

Buying Shares in the Company

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

Savings Scheme and ISA

Investors and potential investors wishing to invest in the Company through an ISA or Savings Scheme should contact their ISA provider.

Regulatory Status – Non Mainstream Pooled Investments

The Board confirms that it conducts its affairs, and intends to continue to conduct its affairs, so that the Company's shares are excluded securities under the FCA's restrictions which apply to non-mainstream investment products. The Company's shares are excluded securities because the Company carries on business as an investment trust.

Investment Manager

SL Capital Partners LLP
1 George Street
Edinburgh EH2 2LL

Telephone: 0131 245 0055

SL Capital Partners LLP is authorised and regulated by the Financial Conduct Authority and is a subsidiary of Standard Life Investments Limited. Standard Life Investments Limited may record and monitor telephone calls to help improve customer service.

Financial Calendar

2017

January – Annual General Meeting

March – Quarterly trading statement announced

June – Interim results announced

June – Interim report published

September – Quarterly trading statement announced

December – Annual Results announced

December – Annual Report and Financial Statements published

The Annual General Meeting will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh EH2 2EQ on 24 January 2017 at 12.30 pm.

Glossary of Terms and Definitions

Bottom up valuation

Each underlying investment within a fund investment is valued at fair value by the fund manager at the reporting date using International Private Equity and Venture Capital Valuation Guidelines.

Buy-out fund

A fund which acquires controlling stakes in established companies.

Commitment

The amount committed by the Company to a fund investment, whether or not such amount has been advanced in whole or in part by or repaid in whole or in part to the Company.

Discount

The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Distribution

A return that an investor in a private equity fund receives.

Draw down

A portion of a commitment which is called to pay for an investment.

EBITDA

Earnings before interest expense, taxes, depreciation and amortisation.

Enterprise value (EV)

The value of the financial instruments representing ownership interests in a company plus the net financial debt of the company.

IPO

Initial Public Offering, the first sale of stock by a private company to the public market.

Net Asset Value (NAV)

The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Ongoing Charges

Management fees and all other operating expenses excluding interest, expressed as a percentage of the average of the end of day quarterly net assets during the year.

Premium

The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Roll forward valuation

The latest fund valuation calculated on a bottom up valuation basis adjusted for any subsequent cash movements up to the reporting date and updated for exchange rates at the reporting date.

Secondary transaction

The purchase or sale of a commitment to a fund or collection of fund interests in the market.

Share buy-back transaction

The repurchase by the Company of its own shares in order to reduce the number of shares on the market.

Total Return

Total Return involves reinvesting the net dividend on the day that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company in the quarter it goes ex-dividend.

Corporate Information

Registered Office

1 George Street
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United Kingdom

Registered Number:

Registered in
Scotland:
SC216638

Investment Manager

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United Kingdom

Company Secretary

Maven Capital Partners
Kintyre House
205 West George Street
Glasgow, G2 2LW
United Kingdom

Company Administrator and Depositary

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10 Harewood Avenue
London NW1 6AA
United Kingdom

Company Broker

Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR
United Kingdom

Winterflood Investment Trust
The Atrium Building
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United Kingdom

Solicitors

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Maclay Murray & Spens LLP

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United Kingdom

Independent Auditors and Tax Advisers

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United Kingdom

Bankers

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Registrars

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BN99 6DA

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Managed by SL Capital Partners LLP

Registered England & Wales no: OC339387

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