

# abrdn UK Smaller Companies Growth Trust plc

Annual Report 30 June 2025

Capturing the growth potential of UK smaller companies

[abrdnuksmallercompaniesgrowthtrust.co.uk](https://abrdnuksmallercompaniesgrowthtrust.co.uk)









"It is pleasing to report a further year of healthy returns for your company. The NAV total return for the year was 6.8% and the share price total return was 11.4%."

Liz Airey, Chair



"The year under review was a positive period for the UK smaller companies market, but a challenging and volatile one from a macro economic perspective."

Abby Glennie and Amanda Yeaman,  
Aberdeen

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

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

To find out more about abrdn UK Smaller Companies Growth Trust plc, please visit:  
[abrdnuksmallercompaniesgrowthtrust.co.uk](http://abrdnuksmallercompaniesgrowthtrust.co.uk)

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# Performance Highlights and Financial Calendar

Net asset total return<sup>AB</sup>

**+6.8%**

2024

+18.1%

Share price total return<sup>AB</sup>

**+11.4%**

2024

+21.0%

Total dividends per share

**13.20p**

2024

12.00p

Discount to net asset value<sup>AB</sup>

**9.0%**

2024

12.5%

Revenue return per share

**13.52p**

2024

13.12p

Ongoing charges ratio<sup>AB</sup>

**0.85%**

2024

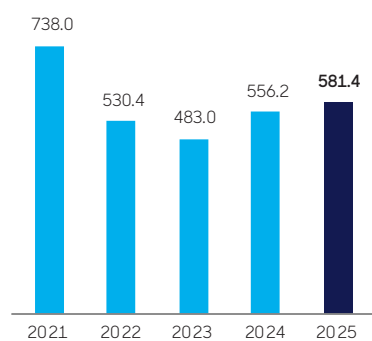
0.92%

<sup>A</sup> Considered to be an Alternative Performance Measure. See pages 98 to 100 for more information.

<sup>B</sup> A Key Performance Indicator ("KPI"). See page 13 for more information on the Company's KPIs.

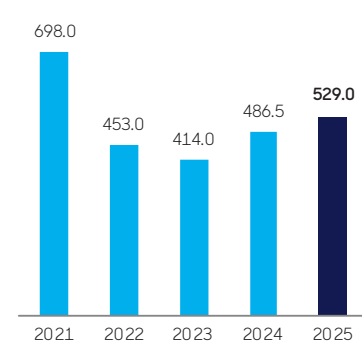
## Net asset value per share

At 30 June – pence



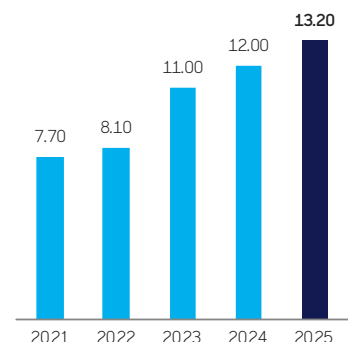
## Share price

At 30 June – pence



## Dividends per share

Year ended 30 June – pence





# Performance Highlights and Financial Calendar

## Continued

### Financial Calendar

Online Shareholder Presentation	<b>22 October 2025</b>
Annual General Meeting (London)	<b>20 November 2025</b>
Payment of final dividend for year ending 30 June 2025	<b>28 November 2025</b>
Half year end	<b>31 December 2025</b>
Expected announcement of results for the six months ending 31 December 2025	<b>February 2026</b>
Payment of interim dividend for year ending 30 June 2026	<b>April 2026</b>
Financial year end	<b>30 June 2026</b>
Expected announcement of results for year ending 30 June 2026	<b>September 2026</b>



## Financial Highlights

	30 June 2025	30 June 2024	% change
<b>Capital return</b>			
Total assets (as defined on page 107)	£399.2m	£453.1m	(11.9%)
Equity shareholders' funds	£359.2m	£413.1m	(13.0%)
Market capitalisation <sup>A</sup>	£326.8m	£361.3m	(9.5%)
Net asset value per share (as defined on page 106)	581.37p	556.19p	4.5%
Share price	529.00p	486.50p	8.7%
Discount to NAV <sup>B</sup>	9.0%	12.5%	
Net gearing <sup>B</sup>	6.6%	5.8%	
Reference index <sup>C</sup>	5,780.00	5,534.18	4.4%
<b>Dividends and earnings</b>			
Revenue return per share <sup>D</sup>	13.52p	13.12p	3.0%
Total dividends per share <sup>E</sup>	13.20p	12.00p	10.0%
<b>Operating costs</b>			
Ongoing charges ratio <sup>BF</sup>	0.85%	0.92%	

<sup>A</sup> Represents the number of Ordinary shares in issue in the Company multiplied by the Company's share price.

<sup>B</sup> Considered to be an Alternative Performance Measure, as defined on pages 98 and 99.

<sup>C</sup> Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index.

<sup>D</sup> Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).

<sup>E</sup> The figures for dividend per share reflect the years in which they were earned (see note 8 on page 87).

<sup>F</sup> Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.



# Strategic Report

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

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

Investments in the Media sector represent 3.6% of the portfolio and include Bloomsbury Publishing.





# Chair's Statement

## Dear Shareholders

It is pleasing to report a further year of healthy returns for your company.

The period under review was a positive one for UK smaller companies but was set against a volatile macro economic backdrop, including in particular the impact on the UK economy of the budget in October and US 'Liberation Day' trade tariffs introduced in April this year.

## Performance

For the year ended 30 June 2025, the Company's net asset value ("NAV") total return, calculated on the basis that all dividends received are reinvested in additional shares, was 6.8% (2024: 18.1%). The share price total return, calculated on the same basis, was higher, at 11.4% (2024: 21.0%). These returns compare to a total return of 7.8% generated by the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index (the "reference index").

**"The NAV total return for the year was 6.8%. The share price total return was higher, at 11.4%."**

Having outperformed the reference index at the half year stage, the second half of the year proved more challenging for the Company, with the Investment Manager's Quality focus out of favour during that period.

A detailed review of performance and investment activity for the year is included in the Investment Manager's Review.

## Earnings and Dividends

The revenue return per share ("EPS") for the year ended 30 June 2025 was 13.52p (2024: 13.12p), an increase of 3.0% compared to the previous year. The Company has continued to benefit from the strong earnings resilience of its portfolio holdings. There was also an enhancement to earnings of 0.96p per share (7.6%) as a result of share buy backs undertaken during the year. Recurring income is increasingly the predominant source of dividends, with only 4.7% of total revenue coming from special dividends during the year. This can be compared to the position 10 years ago when approximately 20% of the revenues

generated were special dividends, demonstrating the current trend by companies to return capital to shareholders through share buy backs rather than special dividends.

The Board is declaring a final dividend for the financial year of 9.50p per share, which will take the full year dividend to 13.20p per share, an increase of 10.0% on the full year dividend paid in 2024. In reaching its decision the Board has sought to provide a material but sustainable uplift in the dividend and also to provide for the future by bolstering the revenue reserves of the Company. The increase in the dividend is partly as a result of the strength of the Revenue Account but also because share buy backs have reduced the number of shares qualifying for the dividend. So, although there is a significant uplift in the dividend per share, the full cost of the dividend payable will fall by almost 10% and we will be able to transfer approximately £1.4 million to revenue reserves to help mitigate any future shortfalls in income. Subject to approval by shareholders at the AGM, the final dividend will be paid on 28 November 2025 to shareholders on the register on 31 October 2025, with an associated ex-dividend date of 30 October 2025.

## Gearing

The Board has given the Investment Manager discretion to vary the level of gearing between 5% net cash and 25% net gearing (at the time of drawdown). During the year the Company was fully drawn on its £40 million unsecured revolving credit facility with The Royal Bank of Scotland International ("RBSI") which was due to mature in November this year. At the year end, the gross level of borrowings was offset by cash and cash equivalents of £16.2 million resulting in net gearing of 6.6% (2024: 5.8%).

Since the year end, the Company has replaced its loan facility with a new £40 million secured facility with Bank of America. The new facility is an 'evergreen' facility and the Board will keep the terms and cost of the facility under regular review to ensure that it remains appropriate for the Company's needs. The Board considers that the new facility is cost effective and provides flexibility to the Investment Manager. At the time of writing, the full amount of £40 million has been drawn down.

## Management Fee Revision

As previously announced, the Board reviewed the management fee arrangements during the year and agreed a revision to the agreement with effect from 1 April 2025. From that date, fees are calculated at a rate of 0.60% per annum on the first £200 million of net assets and thereafter at a rate of 0.55%. This replaced the previous arrangement whereby the first £175 million of net assets were charged at a rate of 0.75% per annum, the next £375 million at 0.65% and 0.55% above £550 million. Based on net assets at 30 June 2025, this represents an annual reduction of 17.3% in the fees charged by Aberdeen to manage the Company.

**"The Board is declaring a final dividend for the year of 9.50p per share, which will take the full year dividend to 13.20p per share, an increase of 10.0% on the full year dividend paid in 2024."**

## Ongoing Charges

The ongoing charges ratio ("OCR") for the year ended 30 June 2025 was 0.85% (2024: 0.92%). The reduction is attributable to the lower management fee rate and lower administrative expenses compared to 2024. Had the new management fee arrangement been in place for the whole year, the OCR would have been 0.78%.

## Discount Control and Share Buy Backs

At the year end, the discount of the share price to the NAV was 9.0% (2024: 12.5%).

Over the year, the Company bought back 12.5 million shares, equating to 16.8% of the issued share capital, at a total cost of £62.6 million and a weighted average price of 498.6p per share. The weighted average discount at which the shares were repurchased was 10.2%. The Board calculates that this added 9.8p per share to the NAV for shareholders. Since the year end, a further 3.5 million shares have been repurchased.

The Board remains committed to its discount target of 8% in normal market conditions and will continue to be active in the market when it believes it to be in the best interests of shareholders. It is pleasing to note that the discount has narrowed over the last 12 months, reflecting the significant level of buy backs undertaken.

The pace of buy backs meant that the Board convened a General Meeting on 21 May 2025 at which shareholders granted authority to the Board to renew the buy back authority for a further 14.99% of the issued share capital. The renewed authority will lapse at the AGM, at which time the Board will seek a renewed authority.

Full details of the Board's discount control policy can be found on page 18 and a five-year chart of the movement in the discount compared to the peer group and the discount control mechanism threshold can be found on page 25.

## Cancellation of Share Premium Account

Following shareholder approval at the General Meeting on 21 May 2025, the Company received court approval, by way of a court order dated 15 August 2025, for cancellation of the amount standing to the credit of the Share Premium Account. The court order was registered at Companies House on 20 August 2025 at which point cancellation of the entire amount standing to the credit of the Share Premium Account, being approximately £170 million, became effective. That amount has been credited to a special distributable reserve which is available to fund the cost of share buy backs and future dividend payments, if required.

The Board believes that it is in the Company's interest to have this flexibility in its reserves, although the Board has no current intention of using the new reserve for dividend payments which it expects will continue to be resourced through annual net revenues and revenue reserves.



# Chair's Statement

## Continued

### Amendment to Investment Policy

During the year, the Board and Investment Manager reviewed the guidelines governing the management of the portfolio and determined that the part of the investment policy relating to the number of holdings should be amended from its current articulation of normally comprising between 50–60 holdings to state that the portfolio will normally comprise approximately 50 individual holdings representing the Investment Manager's highest conviction investment ideas. This amendment is more reflective of the number of holdings that have been in the portfolio over the past couple of years and the number that the Investment Manager would typically expect to hold. As at 30 June 2025 there were 51 holdings in the portfolio. This amendment does not represent a change in the way that the portfolio is managed and it is not a material change to the investment policy that would require shareholder approval.

### Change of Company Name

Shareholders may be aware that the Company's Manager has recently changed its name from abrdn plc to Aberdeen Group plc. The Board considers that aligning the name of the Company with that of the Manager, and being able to benefit from awareness of the Aberdeen brand, is in the best interests of shareholders and is therefore proposing that the Company's name be changed to "Aberdeen UK Smaller Companies Growth Trust plc". Under the terms of the Company's Articles of Association, the change of name needs to be approved by shareholders and a resolution seeking this approval is included in the Notice of AGM. If approved, the change of the name will be effected as soon as possible after the AGM.

**"We will be hosting an online investor presentation at 11:00am on Wednesday 22 October 2025. Full details can be found on the Company's website."**

### Online Investor Presentation

In order to encourage as much interaction as possible with our shareholders, we will be hosting an online investor presentation, which will be held at 11:00am on Wednesday 22 October 2025. At this event there will be a presentation from the portfolio managers, Abby Glennie and Amanda Yeaman, followed by a live question and answer session. The online presentation is being held ahead of the AGM to allow shareholders sufficient time to submit their proxy votes after the event. Full details on how to register for the event can be found on the Company's website: [abrdnuksmallercompaniesgrowthtrust.co.uk](https://abrdnuksmallercompaniesgrowthtrust.co.uk).

### Annual General Meeting

The Company's Annual General Meeting ("AGM") will take place at 12 noon on Thursday 20 November 2025 at Aberdeen's office at 18 Bishops Square, London E1 6EG. The meeting will include a presentation from the portfolio managers and will be followed by lunch. This is a good opportunity for shareholders to meet the Board and portfolio managers and we would encourage you to attend. The Notice of the Meeting is contained on pages 113 to 118.

**"The Company's AGM will take place at 12 noon on Thursday 20 November 2025 at Aberdeen's office at 18 Bishops Square, London E1 6EG. This is a good opportunity for shareholders to meet the Board and portfolio managers."**

Shareholders will be able to submit questions in advance of the AGM at the following email address: [uksmallercompaniesgrowth@aberdennplc.com](mailto:uksmallercompaniesgrowth@aberdennplc.com). Should you be unable to attend the AGM, the Investment Manager's presentation will be available on the Company's website shortly afterwards. The results of the AGM will also be published on the website.

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

## Outlook

This time last year, UK investors were focussed on two significant uncertainties: the identity of the next President of the USA and how the new UK Chancellor would manage to balance her initial budget. Whilst both of those are now clear, the levels of economic and fiscal uncertainty in both the UK and US seem just as elevated, and broader geopolitical issues remain unresolved. Consequently, market sentiment is unsettled and markets remain volatile. This looks set to continue for the foreseeable future.

In the UK specifically, navigating a path to growth for the Government is beset with obstacles, even without accounting for the ongoing threats by the US to alter trading tariffs. It does feel as though the effect of external influences on markets has been higher in recent years than through modern history, and this tends to drive short-term volatility. There is clear concern that the Chancellor will need to increase the tax take again in the Autumn and the presumption is that this cannot be good for the economy. Having said that, we do need to recognise that press coverage in the UK is inevitably focused on the woes of the domestic economy; many developed economies are in equally challenging positions and UK stock market valuations remain cheap by historic standards.

To an extent, this is borne out by the feedback that the portfolio managers are hearing when they talk to the management teams of the companies in the portfolio. Their message is very different; their companies are mostly doing well and have generally had a good first half of the year. This is the key for the portfolio. When looking ahead and at the prospects for the Company, it is important to remember that we invest in companies, not markets and, more than that, we invest in the proven experience and ability of the management teams. We are investing in companies led by teams who have, in the last 10 years, had to navigate a number of major geopolitical issues, including the recent impact of US trade tariffs, and some of them have done very well, significantly outperforming the reference index. This is the opportunity that active management offers. Past performance is not a guide to the future, but there are some high-quality companies out there and the portfolio managers are focused on identifying them to incorporate into the portfolio.



**Liz Airey**  
Chair  
3 September 2025

# Overview of Strategy

## Business

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

## Investment Objective

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

## Investment Policy

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

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

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

## Board Investment Limits

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

- Companies with a market capitalisation of below £50 million should not represent more than 5% of total assets.
- Companies involved in "Blue Sky" products (see definition on page 105) should not represent more than 5% of total assets.
- No more than 40% of the portfolio should be invested in companies that are constituents of the FTSE AIM All-Share Index.

## Investment Process

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

Further information on the investment process is contained on pages 31 to 33.

## Reference Index

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

## Delivering the Investment Objective

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

## Promoting the Success of the Company

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



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

### Key Performance Indicators ("KPIs")

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

KPI	Description
Net asset value ("NAV") total return performance	<p>The Board measures the Company's NAV total return performance against the total return of the reference index (the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index) and its peer group of investment trusts.</p> <p>The figures for this year and for the past three, five and ten years are shown in the table on page 24.</p>
Share price total return performance	<p>The Board measures the Company's share price total return performance against the total return of the reference index and its peer group of investment trusts.</p> <p>The figures for this year and for the past three, five and ten years are shown in the table on page 24.</p>
Discount/premium to NAV	<p>The Board compares the discount or premium of the Ordinary share price to the NAV per share with the discount/premium of the peer group and also to the Company's committed discount target on a rolling 12 month basis.</p> <p>A summary of the discount for the past ten years is included in the table in page 25. A chart showing the discount over five years for the Company and the peer group, measured against the discount target, is shown on page 25. The average discount for the year was 10.5% (2024: 12.9%).</p>
Ongoing charges	<p>The Board monitors the Company's ongoing charges ratio ("OCR") against prior years and other similar sized companies in the peer group.</p> <p>A summary of the OCR for the past ten years is included in the table in page 25. The OCR for the year ended 30 June 2025 was 0.85% (2024: 0.92%).</p>

# Overview of Strategy

## Continued

### Principal and Emerging Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also considers emerging risks which might affect the Company.

During the year, the most significant risks included widening discounts to net asset value across the investment company sector, increased corporate activity and consolidation, and heightened involvement by activist investors. Consequently, in accordance with its stated discount control policy, the Company has bought back an increased number of its own Ordinary shares to control the share price discount to net asset value. Other significant risks during the year included the impact of increased taxes on the UK economy, the impact on the global economy of US trade tariffs, and increased market risk caused by general uncertainty in global geopolitics.



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






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

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

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

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



Risk	Trend	Mitigating Action
<b>Strategy</b> - the Company's objectives or the investment trust sector as a whole become unattractive to investors, or the Company becomes uncompetitive (including its size and costs), leading to a fall in demand for the Company's shares.	  Note 1	Through regular updates from the Manager, the Board monitors the discount/ premium at which the Company's shares trade relative to the NAV (further information included in "Share price" below). It also holds an annual strategy meeting and receives feedback from the Company's Stockbroker and shareholders and updates from the Manager's investor relations team at Board meetings.
<b>Investment performance</b> - the appointment or continuing appointment of an investment manager with inadequate resources, skills or experience, the investment style or process being out of favour, or the adoption of inappropriate strategies in pursuit of the Company's objectives, could result in poor investment performance, a loss of value for shareholders and a widening discount.		<p>The Board meets the Manager on a regular basis and keeps investment performance under close review. Representatives of the Investment Manager attend all Board meetings and a detailed formal appraisal of the Manager is carried out by the Management Engagement Committee on an annual basis.</p> <p>The Board sets and monitors the investment restrictions and guidelines and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process, risk management and application of the investment guidelines.</p>

Risk	Trend	Mitigating Action
<b>Staff turnover</b> – the unmanaged departure of key members of the investment team or increased staff turnover within the team could impact on future investment performance and lead to loss of investor confidence.		<p>The Board receives updates from the Manager on staff changes and succession planning within the investment team.</p> <p>The Investment Manager employs a standardised investment process for the management of the portfolio. The well-resourced smaller companies team has grown in size over a number of years. These factors mitigate against the impact of the departure of any one member of the investment team.</p> <p>Biographies of the team members involved with the management of the Company's portfolio are included on page 102.</p>
<b>Share price</b> – failure to manage the discount effectively or an inappropriate marketing strategy could lead to a fall in the share price relative to the NAV per share.		<p>The Company operates a discount control mechanism and aims to maintain a discount level of less than 8% to the cum-income NAV under normal market conditions. Details of the discount control mechanism are contained on page 18. The Directors undertake a programme of inviting major shareholders to discuss issues of governance or strategy with the Chair or Senior Independent Director. In addition, the Company participates in the Manager's investment trust promotional programme where the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.</p>
<b>Financial instruments</b> – insufficient oversight or controls over financial risks, including market price risk, liquidity risk and credit risk could result in losses to the Company.		<p>As stated above, the Board sets investment guidelines and restrictions which are reviewed regularly and the Manager reports on compliance with them at Board meetings.</p> <p>Further details of the Company's financial instruments and risk management are included in note 16 to the financial statements.</p>
<b>Financial obligations</b> – inadequate controls over financial record keeping and forecasting, the setting of an inappropriate gearing strategy or the breaching of loan covenants could result in the Company being unable to meet its financial obligations, losses to the Company and impact its ability to continue trading as a going concern.		<p>At each Board meeting, the Board reviews management accounts and receives a report from the Administrator, detailing any breaches in the internal controls during the period under review. The Board sets gearing limits and monitors the level of gearing and compliance with the main financial covenants at Board meetings.</p> <p>The Audit Committee meets representatives from the Manager's Compliance and Internal Audit teams on at least an annual basis and discusses any findings and recommendations relevant to the Company.</p>
<b>Regulatory</b> – failure to comply with relevant laws and regulations could result in fines, loss of reputation and potential loss of investment trust status.		<p>The Board receives updates on relevant changes in regulation from the Manager, industry bodies and external advisers. The Board and Audit Committee monitor compliance with regulations by review of checklists and internal control reports from the Manager. Directors keep up to date in a variety of ways, including attendance at training courses and seminars.</p>



# Overview of Strategy

## Continued

Risk	Trend	Mitigating Action
<b>Operational</b> - the Company is dependent on third parties for the provision of all systems and services (in particular those of the Manager and the Depositary) and any control failures and gaps in their systems and services, including failures in cyber controls, could result in a loss or damage to the Company.	 Note 2	<p>The Audit Committee reviews reports from the Manager on its internal controls and risk management (including an annual ISAE Report) and considers assurances from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. Written agreements are in place with all third party service providers.</p> <p>The Audit Committee meets representatives from the Manager's Compliance and Internal Audit teams on at least an annual basis and discusses any findings and recommendations relevant to the Company.</p> <p>The Manager monitors closely the control environments and quality of services provided by third parties, including cyber controls, through service level agreements, regular meetings and key performance indicators, and provides periodic updates to the Board on this work.</p> <p>A formal appraisal of the Company's main third party service providers is carried out by the Management Engagement Committee on an annual basis.</p>
<b>Geopolitical</b> - the effects of geopolitical instability or change could have an adverse impact on stock markets and the value of the Company's investment portfolio.	 Note 3	<p>Current geopolitical risks include the conflicts in Ukraine and the Middle East, and the impact on the global economy of US trade tariffs. They also include the potential impact on investors and the economy of further tax increases in the UK.</p> <p>The Investment Manager's focus on quality companies, the diversified nature of the portfolio and a managed level of gearing all serve to provide a degree of protection in times of market volatility.</p>

### Notes:

1. Strategy risk is heightened due to the volume of share buy backs undertaken by the Company to control the share price discount to NAV, and the recent increase in corporate activity and consolidation within the investment trust sector.
2. Operational risk is heightened due to the increased risk of cyber security incidents within the Company's main service providers, following cyber attacks against high profile businesses in the UK.
3. Geopolitical risk is heightened due to the increased volatility of the global political landscape which feeds into market volatility.

## Promotional Activities

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

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

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

## Employees and Human Rights

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

## Modern Slavery Act

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

## Environmental, Social and Governance ("ESG") Matters

The Investment Manager's approach to ESG matters is included on page 33. The Board and Investment Manager are committed to investing in a responsible manner and the Investment Manager considers ESG factors as part of the investment decision-making process.

### The UK Stewardship Code and Proxy Voting

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

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

### Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

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

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

# Overview of Strategy

## Continued

### Sustainability Disclosure Requirements ("SDR")

In November 2023, the Financial Conduct Authority ("FCA") published its sustainability disclosure requirements and investment labels regime ("SDR") to address concerns about misleading sustainability claims. SDR includes an opt-in labelling regime for sustainable investment products, additional disclosure requirements and restrictions on the use of sustainability terms. It also established anti-greenwashing ("AGW") rules. Investment trusts and their managers are in scope of the SDR. Although investment trusts are not directly in scope of the AGW requirements, the rules apply indirectly to them, mostly via obligations imposed on their managers.

Although Environmental, Social and Governance ("ESG") factors are taken into consideration by the Investment Manager as part of its investment analysis, the Company itself does not have an explicit sustainability objective and so under SDR is categorised as "Non-labelled" rather than "Labelled" or "Other".

### Discount Control Policy

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

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

### Viability Statement

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

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

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

- The principal risks and uncertainties detailed on pages 14 to 16 and the steps taken to mitigate these risks, together with the emerging risks identified by the Board.
- The Company is invested in listed securities that are readily-realizable in normal market conditions and there is a spread of investments held across a diversified range of sectors.
- The Company is closed ended in nature and therefore it is not required to sell investments when shareholders wish to sell their shares.
- The level of share buy backs undertaken by the Company.
- The Company's long-term performance record as shown on page 24.
- The Company's level of gearing. The Company had net gearing of 6.6% as at 30 June 2025. The Board has set overall limits for borrowing and reviews regularly the Company's level of gearing, cash flow projections and compliance with banking covenants. During the year, the Company had a £40 million unsecured loan facility agreement with The Royal Bank of Scotland International Limited which was due to expire on 1 November 2025. As explained in greater detail in the Chair's Statement on page 8, since the year end, the Company has replaced the loan facility with a new £40 million secured facility with Bank of America.
- The Company has cash and money market funds which at 30 June 2025 amounted to £16.2 million. These balances allow the Company to meet liabilities as they fall due.



- The level of ongoing charges.
- There are no capital commitments currently foreseen that would alter the Board's view.
- The robustness of the operations of the Company's third party service suppliers.

The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year and considered the Company's Statement of Financial Position as at 30 June 2025 which shows net current liabilities of £24.6 million at that date, and do not consider this to be a concern due to the liquidity of the portfolio which would enable the Company to meet any short-term liabilities if required.

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

In making its assessment, the Board is also aware that there are other matters that could have an impact on the Company's prospects or viability in the future, including ongoing consolidation within the investment trust sector, further geo-political volatility, economic shocks or significant stock market volatility caused by other factors, and changes in regulation or investor sentiment.

## Future Strategy

The Board intends to maintain the strategic direction set out in the Strategic Report for the year ending 30 June 2026 as it believes that this is in the best interests of shareholders.

### On behalf of the Board

**Liz Airey**

Chair

3 September 2025

# Promoting the Success of the Company

## Introduction

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

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

## The Purpose of the Company and Role of the Board

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

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

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

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

## How the Board Engages with Stakeholders

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

Stakeholder	How We Engage
Shareholders	<p>Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly to all shareholders. The Manager and Company's Stockbroker regularly meet with current and prospective shareholders to discuss performance and shareholder feedback is discussed by the Directors at Board meetings. Directors meet shareholders at the Annual General Meeting and the Chair is available to meet with the Company's larger shareholders to discuss their views. In addition, during the year the Board held an online shareholder presentation at which shareholders had the opportunity to ask questions of the Chair and Investment Manager.</p> <p>The Company participates in the Manager's investor relations programme as a means of communicating with the shareholder base.</p> <p>Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, Company announcements, including daily net asset value announcements, and the Company's website.</p> <p>The Company's Annual General Meeting provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. The Board encourages shareholders to attend the Company's Annual General Meeting and to provide feedback on the Company.</p>
Manager (and Investment Manager)	<p>The Investment Manager's Review on pages 26 to 30 details the key investment decisions taken during the year. The Investment Manager has continued to manage the portfolio and other assets in accordance with the mandate agreed with the Company, with oversight provided by the Board.</p> <p>The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders.</p> <p>The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy.</p> <p>The Board, through the Management Engagement Committee, formally reviews the performance of the Manager (and Investment Manager) at least annually. More details are provided on page 54.</p>
Service Providers	<p>The Board seeks to maintain constructive relationships with the Company's service providers either directly or through the Manager with regular communications and meetings.</p> <p>The Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations, carrying out their responsibilities and providing value for money.</p>



# Promoting the Success of the Company

## Continued

<b>Investee Companies</b>	<p>Responsibility for monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.</p> <p>The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues.</p> <p>Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. Further details are provided on page 17.</p> <p>The Board monitors investments made and divested and provides constructive challenge to understand the rationale for investment and voting decisions made.</p>
<b>Debt Providers</b>	<p>On behalf of the Company, the Manager maintains a positive working relationship with the provider of the Company's loan facility, and provides regular updates on business activity and compliance with its loan covenants.</p>
<b>Environment and Community</b>	<p>The Board and Investment Manager are committed to investing in a responsible manner and the Investment Manager considers Environmental, Social and Governance ("ESG") factors as part of the investment decision-making process. Further details are provided on page 33.</p>

## Specific Examples of Stakeholder Consideration During the Year

The importance of giving due consideration to the Company's stakeholders is considered during every significant Board decision. The Directors were particularly mindful of stakeholder considerations as part of the following decisions made during the year ended 30 June 2025. Each of these decisions was made after taking into account the short and long-term benefits for stakeholders.

### Portfolio and Investment Performance

The Investment Manager's Review on pages 26 to 30 details the key investment decisions taken during the year. The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective and is reviewed at every Board meeting.

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

### Management Fee

During the year, the Board considered that the existing structure of fees paid to the Manager made the Company insufficiently competitive relative to its closest peers. Accordingly, the Board negotiated a lower fee structure with the Manager which the Board considers is more competitive when compared to the other similar investment trusts in the sector. The new fee structure became effective on 1 April 2025 and is set out in detail on page 49.

### Dividends

The Board is recommending payment of a final dividend for the year of 9.50p per Ordinary share. Following payment of the final dividend, total dividends for the year will amount to 13.20p per Ordinary share, an increase of 10.0% compared to the previous year. Although the Company has a capital growth objective, the Board recognises the importance of dividends to shareholders.

## Share Buy Backs and Renewal of Authority at General Meeting

In accordance with the discount control policy included on page 18, during the year the Company bought back 12,486,822 Ordinary shares to be held in treasury, providing an accretion to the NAV per share and a degree of liquidity to the market at times when the discount to the NAV per share has widened in normal market conditions.

At the Company's AGM held on 21 November 2024, shareholders gave authority to the Directors to buyback a total of 11,051,664 Ordinary shares representing 14.99% of the then issued share capital. As at 22 April 2025, the Company had bought back 6,868,574 Ordinary shares and therefore the authority granted at the AGM in 2024 had been substantially utilised. The Directors concluded that the remaining capacity under the authority was likely to have been fully utilised before the Company's next AGM, in 2025, if the purchases of shares were to continue at the same rate.

In order for the Board to continue to operate the discount control mechanism, the Directors therefore sought, and obtained, approval from shareholders, at a General Meeting of the Company held on 21 May 2025, to renew the Company's authority to buy back Ordinary Shares, with such renewed authority expiring at the conclusion of the AGM in 2025.

It is the view of the Board that the discount control policy and use of the Company's share buy back authority to provide liquidity to the market in the manner described above is in the interest of all shareholders.

## Cancellation of Share Premium Account

Following shareholder approval at the General Meeting on 21 May 2025, the Company received court approval, by way of a court order dated 15 August 2025, for cancellation of the amount standing to the credit of the Share Premium Account. The court order was registered at Companies House on 20 August 2025 at which point cancellation of the entire amount standing to the credit of the Share Premium Account, being approximately £170 million, became effective. That amount has been credited to a special distributable reserve which is available to fund the cost of share buy backs and future dividend payments, if required.

The Board believes that it is in the Company's interest to have this flexibility in its reserves, although the Board has no current intention of using the new reserve for dividend payments which it expects will continue to be resourced through annual net revenues and revenue reserves.

## Shareholder Engagement

During the year, the Board met shareholders at the AGM. The AGM was held in Edinburgh in 2024 and will be held in London this year.

As explained in the Chair's Statement, to encourage and promote interaction and engagement with the Company's shareholders, the Board has decided to hold an interactive Online Shareholder Presentation which will be held at 11.00am on 22 October 2025. At the presentation, shareholders will receive updates from the Chair and Investment Manager and there will be a live question and answer session. The online presentation is being held ahead of the AGM in order to allow shareholders to submit their proxy votes prior to the meeting.

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

## On behalf of the Board

**Liz Airey**

Chair

3 September 2025

# Performance

## Performance (total return)

	1 year return %	3 years return %	5 years return %	10 years return %
Net asset value <sup>AB</sup>	+6.8	+16.8	+20.5	+103.6
Share price <sup>B</sup>	+11.4	+25.6	+21.1	+111.4
Reference Index <sup>C</sup>	+7.8	+15.2	+42.1	+53.9
Peer Group weighted average (NAV)	+2.7	+22.0	+51.1	+77.1
Peer Group weighted average (share price)	+3.3	+25.5	+49.1	+79.8

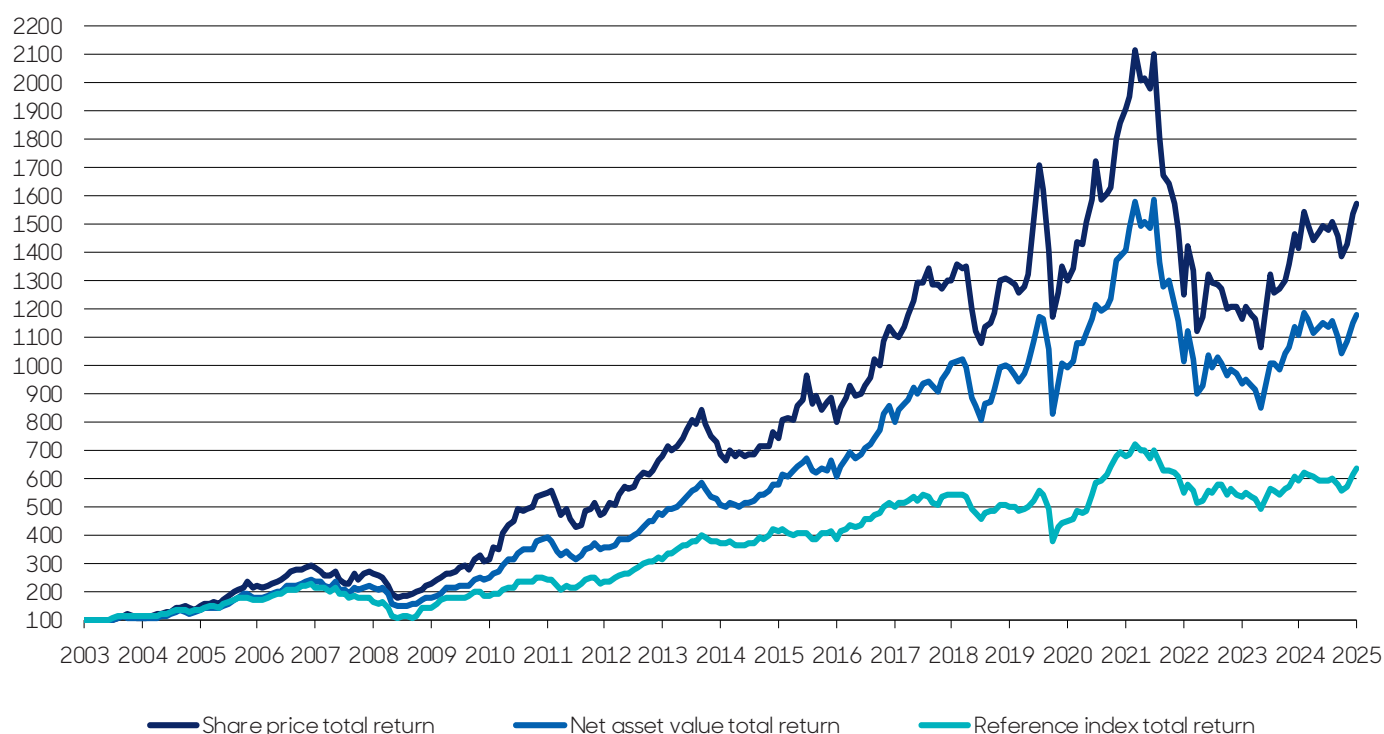
<sup>A</sup> Cum-income NAV with debt at fair value.

<sup>B</sup> Considered to be an Alternative Performance Measure (see pages 99 and 100).

<sup>C</sup> Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index.

Source: Morningstar

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

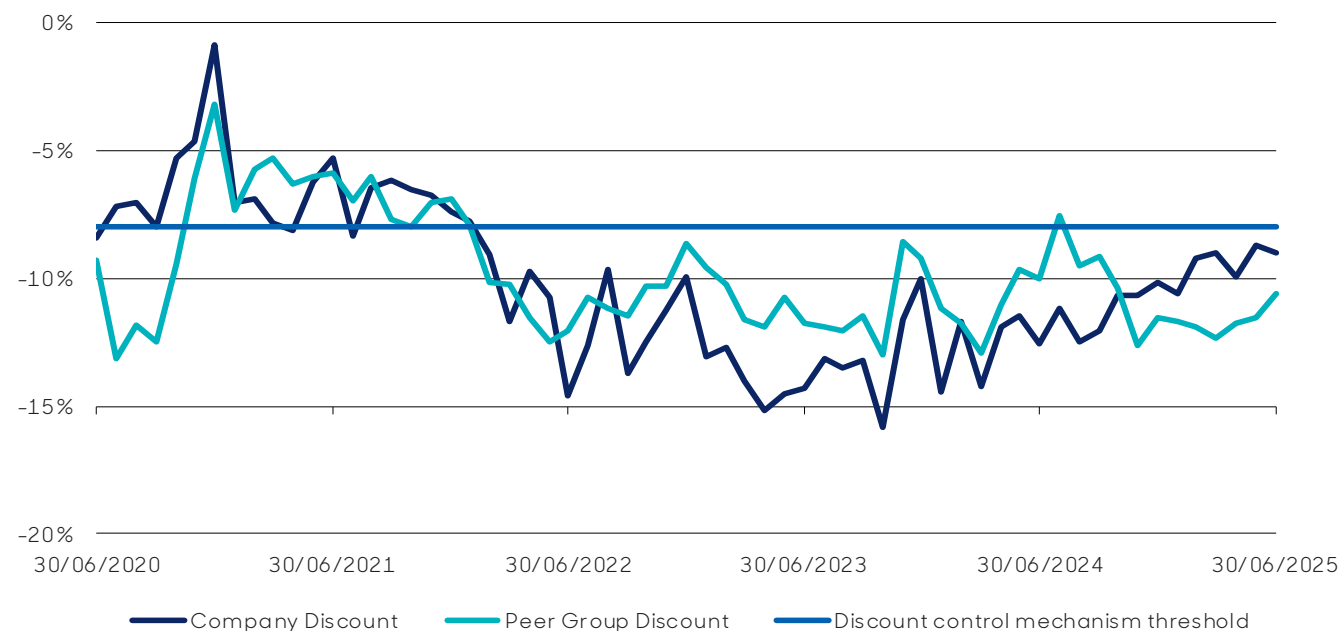


Source: Refinitiv Datastream



## Discount of Share Price to NAV v Peer Group

Five years ended 30 June 2025



Source: Refinitiv Datastream

## Ten Year Financial Record

Year to 30 June	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Per Ordinary share (p)</b>										
Net revenue return	6.76	6.42	7.24	8.80	6.74	6.43	9.07	12.44	13.12	<b>13.52</b>
Ordinary dividends paid/proposed	6.60	6.70	7.00	7.70	7.70	7.70	8.10	11.00	12.00	<b>13.20</b>
Net asset value <sup>A</sup>	345.43	456.60	552.93	539.54	527.73	737.97	530.37	482.95	556.19	<b>581.37</b>
Share price	316.00	431.00	500.00	491.50	482.00	698.00	453.00	414.00	486.50	<b>529.00</b>
Discount(%) <sup>A</sup>	8.5	5.6	9.6	8.9	8.7	5.4	14.6	14.3	12.5	<b>9.0</b>
Ongoing charges ratio (%) <sup>B</sup>	1.13	1.08	1.04	0.90	0.91	0.88	0.82	0.95	0.92	<b>0.85</b>
Gearing ratio (%) <sup>C</sup>	3.6	1.7	3.6	1.5	(0.3)	5.7	5.1	2.5	5.8	<b>6.6</b>
Shareholders' funds (£m) <sup>D</sup>	241	324	408	543	528	728	499	427	413	<b>359</b>
Revenue reserves (£m) <sup>E</sup>	6.50	6.26	8.30	10.87	8.80	7.53	8.81	12.47	13.53	<b>14.43</b>

<sup>A</sup> Calculated with debt at par value and diluted for the effect of Convertible Unsecured Loan Stock conversion from 1 July 2015 until 30 June 2017. From 30 June 2018, net asset value is calculated with debt at par value.

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

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

<sup>D</sup> Increase in 2018 included the effect of the merger with Dunedin Smaller Companies Investment Trust PLC.

<sup>E</sup> Revenue reserves are reported prior to paying the final dividend for the year.

# Investment Manager's Review

*The net asset value ("NAV") total return of the Company for the year ended 30 June 2025 was 6.8%, while the share price total return was 11.4%. By comparison, the UK smaller companies sector as represented by the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index (the "reference index") delivered a total return of 7.8%.*

## Equity Markets

The year under review was a positive period for the UK smaller companies market, but a challenging and volatile one from a macro economic perspective. The final quarter of the period was a turning point as smaller companies outperformed their larger counterparts.

The returns from large and mid cap indices were similar, with the FTSE 100 Index generating a total return of 11.3%, while the FTSE 250 Index returned 10.2%. The reference index returned 7.8% over the year, but was hampered by the AIM component, with the FTSE AIM Index returning just 2.8%, behind the reference index return. This consistency of returns hides the outperformance of smaller companies compared to larger companies since President Trump's 'Liberation Day' – between 4 April 2025 and 30 June 2025, the reference index returned 20% while the FTSE 100 Index returned 10%. The AIM market also performed better in the second half of the period, keeping up with other indices, and actually outperforming the reference index.

Positive dynamics played out for the UK smaller companies market in the second half of the year; whilst the fundamental investment case of the UK was already well set, we have seen US market returns declining since the turn of the calendar year. This has triggered investors to reassess their current exposures, with a shift out of US equities in the first half of 2025.

At the same time, whilst not perfect, the UK economic and political situation has looked more supportive for markets, and solid compared to many other major markets globally. Inflation has come down, interest rates look to be on a declining pathway, GDP forecasts have been steady, employment is robust, and Sterling has been strong, particularly against the US Dollar. Whilst there are still political challenges ahead, this backdrop of a more settled economic environment comes at a time when UK equity market valuations are low, attracting investor interest.

The period globally was dominated by geopolitical volatility, with President Trump at the centre of most of the news flow. Trade tariff outcomes continue to roll out, bringing uncertainty to markets.

The period since April, where smaller companies have significantly outperformed larger companies in the UK, has been partially driven by a period of more positive UK domestic focus by investors. The smaller companies sector is more domestically focused in terms of revenue; around 56% of the reference index revenue is UK generated; significantly higher than FTSE 100 Index.

Geopolitical uncertainty beyond Trump's tariffs also continues, with the conflict in Ukraine and, more recently, Iran, Israel and Gaza. As well as making UK markets look more insulated from those areas of uncertainty, this has also driven countries to re-appraise their resilience in terms of defence, energy and security. Defence spending is expected to increase and has driven share prices higher in that sector.

The UK equity market continues to shrink by number of market constituents, with many bids during the year from both private equity and trade peers (both listed and private). IPO levels have remained very low, although there are signs of activity picking up. This backdrop is one of which the government is aware but it has so far done little to stimulate UK markets, either by attracting investors to the asset class or companies to list here. The awareness is high across markets that some stimulus on these points would be very helpful for UK equity markets.

## Performance

The NAV total return for the year of 6.8% compared to the reference index total return of 7.8%, a modest underperformance of 1.0%. Having outperformed by 1.1% in the first half of the year, the second half of the year was a more challenging period, with value stocks in the UK performing well, which is challenging for our process.

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

**Morgan Sindall** has delivered strong share price performance, driven by robust trading and strategic execution across its diversified divisions. Revenues and margins have exceeded expectations, prompting multiple profit upgrades. The Fit-Out division has driven performance, benefiting from operational strength and a favourable market. Morgan Sindall's diversified structure allows it to flex capital across divisions, supporting

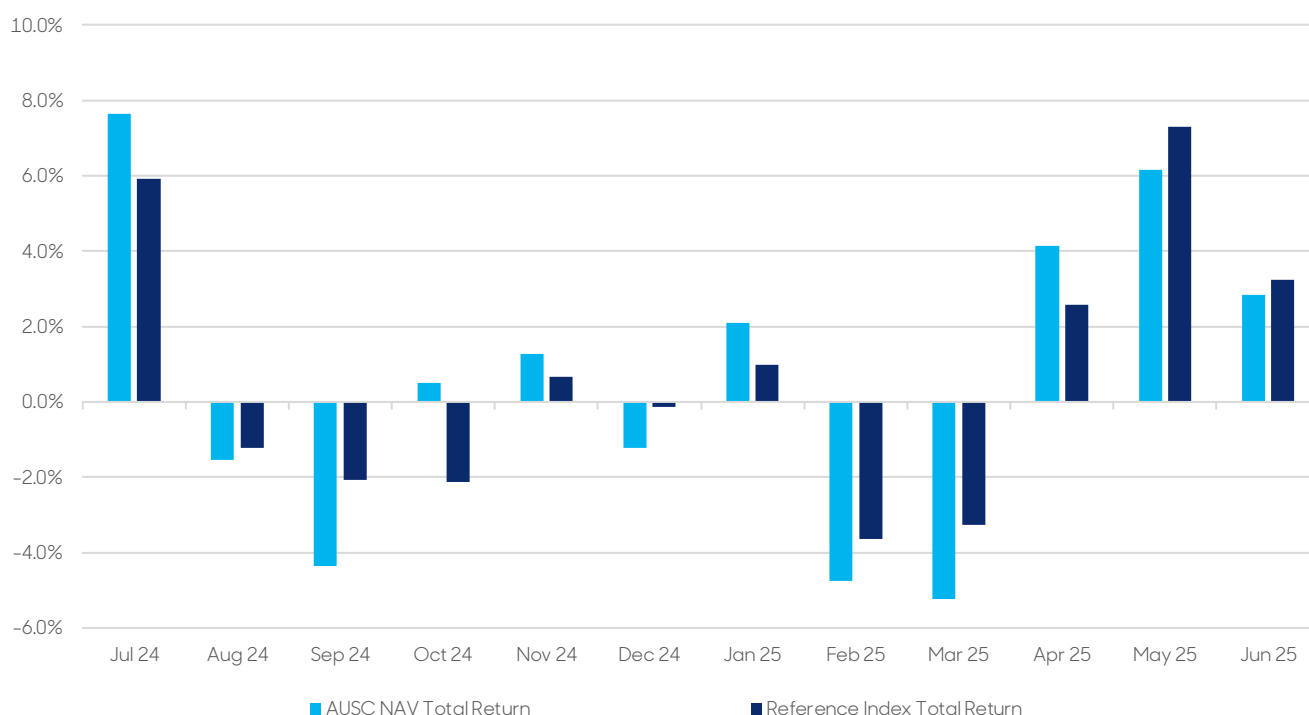
resilience and long-term growth. Consistent delivery with a confident outlook has boosted investor confidence. (Relative contribution +195bps, share price +80.4%)

**Games Workshop** has seen strong share price performance due to solid trading and strategic progress. A key catalyst is its partnership with Amazon to stream Warhammer 40K, expanding brand reach and revenue. Growth in subscriptions and digital engagement is reinforcing brand loyalty and recurring income. The company is expanding globally through retail and trade channels, increasing store numbers and trade accounts. Online, it launched a new Warhammer.com store and invested in warehouse automation in the US, UK, and Australia. Overall, Games Workshop remains a high-conviction investment with strong brand equity and a clear strategy to monetise its IP across multiple platforms. (Relative contribution +98bps, share price +52.0%)

**XPS Pensions** has delivered strong share price performance, driven by consistent double-digit revenue growth and effective strategic execution. Key contributors include high demand for risk transfer services, GMP equalisation, and regulatory advisory work. The firm's standout delivery on the McCloud remedy project has enhanced its public sector reputation. XPS is gaining market share through a favourable service mix and operational efficiency. The integration of the Polaris acquisition progressed well and is seen as a valuable growth opportunity. Overall, the business is well-positioned to lead in the insurance consulting market. (Relative contribution +93bps, share price +28.3%)

**Jet2's** share price has been boosted by strong financial performance and a solid operational outlook. A key driver of investor confidence is a £250 million share buyback programme, representing 9% of its market capitalisation. The company also announced increased seat capacity for summer 2025, including new bases at Bournemouth and Luton. Despite the trend of later booking patterns, demand remains strong. (Relative contribution +73bps, share price +40.9%)

## Performance of the Company and Reference Index (Monthly)



Source: Refinitiv Datastream, July 2025



# Investment Manager's Review

## Continued

**Alpha Group** closed 2024 on a strong note and entered 2025 with confidence. The appointment of a new CEO in January signalled a commitment to continuity, reassuring investors that 'strategically, little needs to be changed.' This stance helped sustain positive trading momentum. In May, the company received a takeover approach from US-based cross-border payments firm Corpay, which significantly boosted its share price. (Relative contribution +65bps, share price +40.9%)

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

**Ashtead Technology** has detracted from performance despite delivering solid financial results and maintaining a confident outlook. While the results were strong, the lack of immediate upgrades may have disappointed investors hoping for more ambitious guidance. Broader concerns around the macroeconomic environment and oil price volatility have also contributed to investor caution, despite the company's robust fundamentals. Additionally, the shares have been affected by general weakness across the AIM market. Sentiment has been further weighed down by a technical overhang linked to the company's planned move to the Main Market later this year. (Relative contribution -158bps, share price -43.5%)

**Next15's** share price fell following the announcement that a major client would not renew its contract with the company's venture-building division, Mach49. This contract loss is expected to reduce FY26 revenue by £80 million. The company also cited broader macroeconomic pressures, including reduced spending from technology and public sector clients, which contributed to a profit warning for FY25. Management has initiated a restructuring programme, merging smaller UK operations and reassessing its M&A strategy. A new finance director with turnaround expertise has been appointed, and the search for a new chief executive officer is now underway. (Relative contribution -94bps, share price -69.8%)

**Hunting's** shares underperformed despite the company delivering strong operational results and securing notable contract wins. Although the share price increased, it has experienced periods of weakness, largely driven by concerns around US tariffs, broader macroeconomic uncertainty, and oil price volatility. Brent crude has seen sharp declines at times due to geopolitical tensions and oversupply fears, raising questions about the sustainability of demand for Hunting's core OCTG (oil country tubular goods) and subsea products. Nevertheless, the company has continued to make solid financial and strategic

progress, underlined by the announcement of a \$40 million share buyback in early July. (Relative contribution -81bps, share price -27.2%)

**4imprint** has been notably impacted by US tariffs. While the direct effects of the tariffs remain manageable, the more significant concern lies in the secondary impacts - such as the risk of a US recession or a decline in discretionary spending - which could pose a greater threat to the company's business model. The company has also highlighted potential margin pressure and ongoing demand uncertainty. (Relative contribution -70bps, share price -37.5%)

**Gamma Communications'** shares came under pressure due to a softer trading environment in the UK SME sector, although this was partially offset by strong performance in Germany. Additionally, the company's transition from AIM to the Main Market prompted technical selling, particularly from funds sensitive to changes to the Inheritance Tax rules, contributing to short term share price volatility. (Relative contribution -58bps, share price -19.3%)

## Portfolio Activity

Our research continues to generate a strong pipeline of ideas, and there is healthy competition for capital within the portfolio. Over the year, we added 13 new positions and exited 11 holdings. We took part in one IPO, **Applied Nutrition**.

**"Our research continues to generate a strong pipeline of ideas, and there is healthy competition for capital within the portfolio."**

**Applied Nutrition** is a Liverpool-based and founder-run sports health business formulating, manufacturing and supplying nutritional supplements. The company's growth is primarily fuelled by its strong product differentiation and effective marketing strategies. The business maintains high margins through vertical integration, which also allows it to react quickly to market demands and innovate rapidly. Its marketing spend is relatively low compared to peers, but it leverages free marketing through partnerships and sponsorships. The company has proved it can stay relevant and continuously innovate. This has been a significant driver of growth. Its products are for sale in multiple countries globally, and its continued expansion into new regions, strength of distributor relationships, and securing shelf space in major retailers as well as specialist nutritional stores are all expected to contribute to its growth.

Other new additions included;

**Avon Technologies** is a defence business, with a focus on respirators and helmets. Whilst end market demand is improving with countries across Europe committing to higher defence budgets, Avon also has the drivers of operational improvement under a new and impressive management team.

**Bloomsbury Publishing** is a leading independent publishing house of a wide range of book types as well as academic publishing. It has a strong track record of identifying and supporting new and leading authors, as well as benefitting from continued sales of back catalogue. Some of its best-known titles include the Harry Potter series and Sarah J. Mass. **ME Group** is an operator of vending services, with a focus on photo machines and communal laundry facilities. Its key regions of operation are France and the UK, but it is also present in other European countries. The photo booths business is high return and generates strong cash flows which fund the rollout of capacity in the newer growth area of laundry.

**Savills** is a leading global real estate business, with residential and commercial exposure, whilst **Rotork** is a global leader in mission critical intelligent flow controls, including actuators. Rotork sells into various end markets including oil and gas, water and power. **On the Beach** is a UK-based online travel agency, with a focus on outbound package holidays, offering consumers a broad range of packages across destinations and airlines. New areas of growth are expected to come from city breaks and outbound Irish business following the company's partnership with Ryanair.

**Breedon** is a vertically-integrated construction materials business, operating in the UK, Ireland and the US. It has grown through organic and acquisitive activities, and the US is its newest geographic exposure. **Galliford Try** is a one of the UK's leading construction groups, operating across a number of sectors such as education, defence, health, custodial and infrastructure. **Wickes** is a UK home improvement retailer, serving both trade and DIY audiences, as well as operating a strong kitchen and bathrooms sales division. **Bellway** is a UK housebuilder, where we expect to see end markets improving over the coming years as mortgage affordability and availability improve, and volumes and transactions increase.

**Trustpilot** is a review business, creating an ecosystem for consumers and companies to benefit from open market reviews, as well as for companies to have insightful data and analysis on their customers' experiences. The UK is a large market for the company with its market presence

helping create a flywheel effect, with the US its target growth area. **Alfa** is a global leading software provider to the asset finance industry, including auto, equipment and wholesale finance businesses.

We exited the following holdings across the portfolio; **4imprint** is a US promotion products business, where challenges around tariffs, GDP risks, and lack of new customer growth all caused concerns. **Clarkson**, the global ship broker, was also exited on similar concerns about indirect tariff risks, risks of weaker shipping rates, and possible delays in big decision-making capital expenditure by customers. **Liontrust Asset Management** is a UK asset manager, where outflows have continued to be challenging. **YouGov**, the international market research business, has suffered from reduced discretionary spend by enterprise clients, increasing competition from peers, and poor execution from both past and current management teams. **Robert Walters**, the recruitment company, has continued to suffer from tough recruitment markets, with companies far from being on hiring sprees, and employees more reluctant to move jobs given uncertain environments and smaller wage increase potential compared to recent years. **Trealtt** has continued to suffer from slower demand and de-stocking, and we are cautious of the level of management turnover. **Midwich** and **Ricardo** also experienced slower growth. **Marlowe** was impacted by a reduction in discretionary spending, uncomfortable for what was tabled as a resilient, recurring, demand business. **Big Technologies** went through a series of disappointing outcomes on competitive tenders, as well as suffering an ongoing (and since exit, increasingly complicated) legal case. **Alpha Financial Markets**, the consultant to asset management and insurance industries, was acquired by Bridgepoint, and hence we exited that holding.

Notable additions to positions this year included **Hunting** (where international growth opportunities have emerged strongly), **Telecom Plus**, **Premier Foods** and **Johnson Service** (all of which have notable defensive revenue streams); whilst notable reductions included **Diploma** and **Games Workshop** (where both companies are now constituents of the FTSE 100 Index given their strong performance and therefore no longer part of the smaller company universe), **discoverIE** (where de-stocking cycles and lower demand have been elongated), **Hill & Smith**, and **Hilton Food**.

# Investment Manager's Review

## Continued

### Gearing

The level of gearing (net of cash) at 30 June 2025 was 6.6% (2024: 5.8%). Given our positive view on markets, we continued to be fully drawn on the Company's £40 million flexible revolving credit facility.

### Revenue Account

Dividend income generated by the portfolio (excluding capital receipts) stated on a pence per share basis increased by 3.0% to 13.52p per share.

The dividend outlook for the Company, seen through its income generation from the underlying holdings, remains solid. The Revenue Account has benefitted from underlying growth and resilience of earnings. The balance sheet strength and cash generation of the companies in the portfolio has enabled them to invest in growth and return excess cash flow and capital to shareholders through dividends. We have seen a trend towards share buybacks in the market, as opposed to special dividends but, despite this, the Company received special dividends from **4imprint**, **Alfa**, **Bytes Technology** and **Savills** during the year, totalling £531,000 of income, approximately 5% of investment income.

### Outlook

UK equity markets remain attractively valued, particularly among smaller companies. Valuations are low by both historical and international standards, and UK equities continue to be under-owned globally. This presents a compelling opportunity for renewed investor interest, especially as economic data has shown resilience despite a fragile fiscal backdrop. It is important to recognise that the UK equity market is not the UK economy. Many UK listed companies are global in nature, delivering growth across diverse geographies and sectors. Our process identifies companies with strong fundamentals, resilient earnings, and capable management teams, regardless of the broader economic narrative.

**"The macroeconomic environment, whilst still with challenges, appears more compelling than when we wrote a year ago, and when combined with our disciplined investment process positions us well to capture the opportunities ahead."**

While further interest rate cuts are anticipated, they are not guaranteed, and in this environment valuation discipline is important. Meeting and beating expectations remains a key driver of share price performance, with reporting results continuing to prompt sharp moves in both directions. The Matrix continues to guide our portfolio construction, helping us identify companies exhibiting improving Quality, Growth, and Momentum ("QGM") characteristics. It remains a valuable tool through the cycle, showing us companies with earnings momentum. While IPO activity has been limited, we do not feel constrained for investment ideas. We believe we are still in the early stages of recovery for smaller companies, with further upside potential. The current environment is one marked by improving sentiment towards UK investments as demonstrated by the outperformance of smaller companies over large companies in recent months. The market continues to demonstrate attractive valuations and we remain optimistic about the outlook for UK smaller companies. The macroeconomic environment, whilst still with challenges, appears more compelling than when we wrote a year ago, and when combined with our disciplined investment process positions us well to capture the opportunities ahead.



Abby Glennie and Amanda Yeaman

Aberdeen

3 September 2025



# Investment Process

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

## Management

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

## Investment Philosophy and Process

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

## The Matrix

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



# Investment Process

## Continued

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

### 1. Sustainable growth

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

### 2. Quality

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

### 3. Buy for the long-term

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

### 4. Concentrate the effort

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

### 5. Management longevity

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

### 6. Valuation

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



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

#### **ESG Factors**

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

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

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

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



# Portfolio

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





Investments in the Household Goods and Home Construction sector represent 5.0% of the portfolio and include Cairn Homes and Bellway.



# Ten Largest Investments

As at 30 June 2025



## Morgan Sindall

A UK based construction and regeneration company.



## Paragon Banking

A UK based company that provides specialist banking services.



## CranSwick

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



## XPS Pensions

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



## ME Group

A UK based company that develops and markets self-service vending machines for photography, laundry, printing and food.



## Volution

A leading supplier of ventilation products with primary markets in the UK, Continental Europe and Australasia.



## Avon Technologies

A UK based company that manufactures respiratory and ballistic protection equipment.



## Jet2

A UK based leisure travel company.



## Mortgage Advice Bureau

A UK based operator of consumer intermediary brands and specialist networks for mortgage advisers.



## Alpha Group

A UK based non-bank provider of financial solutions to corporates and institutions operating internationally.



# Investment Portfolio

As at 30 June 2025

Company	Sector	Valuation 2025 £'000	Total portfolio %	Valuation 2024 £'000
Morgan Sindall	Construction and Materials	17,454	4.5	15,099
Paragon Banking	Finance and Credit Services	14,832	3.9	14,351
Cranswick	Food Producers	14,033	3.7	15,887
XPS Pensions	Investment Banking and Brokerage Services	13,723	3.6	16,383
ME Group	Leisure Goods	12,780	3.3	–
Volution	Construction and Materials	11,990	3.1	10,924
Avon Technologies	Aerospace and Defense	11,829	3.1	–
Jet2	Travel and Leisure	11,670	3.0	10,091
Mortgage Advice Bureau	Finance and Credit Services	11,538	3.0	10,192
Alpha Group	Investment Banking and Brokerage Services	11,235	2.9	8,076
<b>Top ten investments</b>		<b>131,084</b>	<b>34.1</b>	
Cairn Homes	Household Goods and Home Construction	11,073	2.9	6,819
Premier Foods	Food Producers	10,176	2.7	6,982
Telecom Plus	Telecommunications Service Providers	9,496	2.5	6,724
Sirius Real Estate	Real Estate Investment Trusts	9,207	2.4	10,837
Johnson Service	Industrial Support Services	8,756	2.3	7,986
Tatton Asset Management	Investment Banking and Brokerage Services	8,538	2.2	9,232
Trustpilot	Software and Computer Services	8,531	2.2	–
AJ Bell	Investment Banking and Brokerage Services	8,444	2.2	11,361
Games Workshop	Leisure Goods	8,431	2.2	9,265
Bellway	Household Goods and Home Construction	7,989	2.1	–
<b>Top twenty investments</b>		<b>221,725</b>	<b>57.8</b>	
Chemring	Aerospace and Defense	7,981	2.1	6,145
Ashtead Technology	Oil, Gas and Coal	7,789	2.0	15,008
Gamma Communications	Telecommunications Service Providers	7,652	2.0	11,531
Hunting	Oil, Gas and Coal	7,486	2.0	8,691
Diploma	Industrial Support Services	7,481	1.9	17,512
CVS	Consumer Services	7,377	1.9	6,391
Hilton Food	Food Producers	7,297	1.9	15,191
Hill & Smith	Industrial Metals and Mining	6,976	1.8	17,190
JTC	Investment Banking and Brokerage Services	6,831	1.8	17,057
Breedon	Construction and Materials	6,706	1.7	–
<b>Top thirty investments</b>		<b>295,301</b>	<b>76.9</b>	

# Investment Portfolio

## Continued

As at 30 June 2025

Company	Sector	Valuation 2025 £'000	Total portfolio %	Valuation 2024 £'000
Craneware	Health Care Providers	6,431	1.7	7,466
Coats	General Industrials	6,122	1.6	8,487
Boku	Industrial Support Services	5,645	1.5	5,200
Volex	Electronic and Electrical Equipment	5,513	1.4	4,988
Hollywood Bowl	Travel and Leisure	5,391	1.4	11,242
Alfa	Software and Computer Services	5,344	1.4	–
Savills	Real Estate Investment and Services	5,081	1.3	–
Bytes Technology	Software and Computer Services	4,933	1.3	13,211
discoverIE	Electronic and Electrical Equipment	4,597	1.2	7,791
Bloomsbury Publishing	Media	4,567	1.2	–
<b>Top forty investments</b>		<b>348,925</b>	<b>90.9</b>	
Applied Nutrition	Food Producers	4,244	1.1	–
Rotork	Oil, Gas and Coal	4,058	1.1	–
Auction Technology	Software and Computer Services	4,039	1.1	4,775
Renew Holdings	Construction and Materials	3,853	1.0	1,221
GlobalData	Media	3,745	1.0	10,286
Raspberry Pi	Technology Hardware and Equipment	3,149	0.8	3,610
LBG Media	Media	3,028	0.8	3,350
On the Beach	Travel and Leisure	2,856	0.7	–
Wickes	Retailers	2,484	0.6	–
Next 15	Media	2,112	0.6	6,424
<b>Top fifty investments</b>		<b>382,493</b>	<b>99.7</b>	
Galliford Try	Construction and Materials	1,336	0.3	–
<b>Total portfolio</b>		<b>383,829</b>	<b>100.0</b>	

All investments are equity investments.



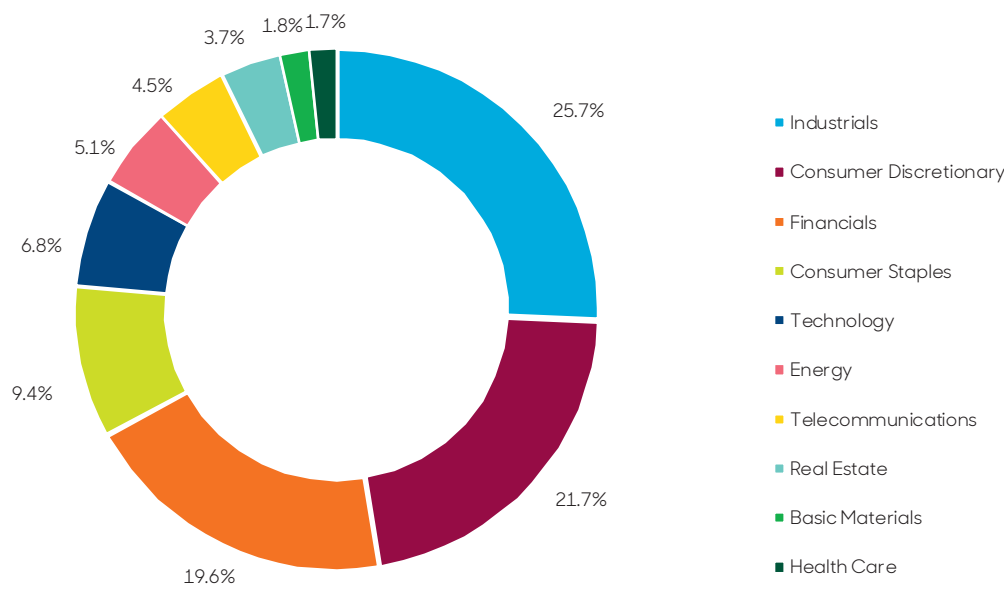
# Sector Distribution of Investments

As at 30 June 2025

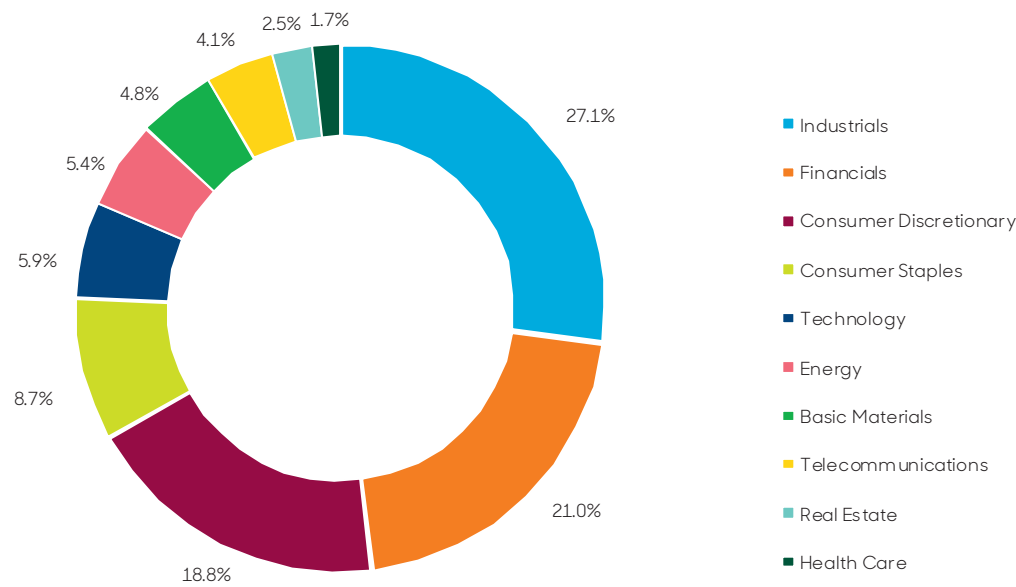
	Portfolio weighting	
	2025 %	2024 %
<b>Basic Materials</b>	<b>1.8</b>	<b>4.8</b>
Chemicals	–	0.9
Industrial Metals and Mining	1.8	3.9
<b>Consumer Discretionary</b>	<b>21.7</b>	<b>18.8</b>
Consumer Services	1.9	1.5
Household Goods and Home Construction	5.0	1.6
Leisure Goods	5.5	2.1
Media	3.6	8.7
Retailers	0.6	–
Travel and Leisure	5.1	4.9
<b>Consumer Staples</b>	<b>9.4</b>	<b>8.7</b>
Food Producers	9.4	8.7
<b>Energy</b>	<b>5.1</b>	<b>5.4</b>
Oil, Gas and Coal	5.1	5.4
<b>Financials</b>	<b>19.6</b>	<b>21.0</b>
Finance and Credit Services	6.9	5.6
Investment Banking and Brokerage Services	12.7	15.4
<b>Health Care</b>	<b>1.7</b>	<b>1.7</b>
Health Care Providers	1.7	1.7
<b>Industrials</b>	<b>25.7</b>	<b>27.1</b>
Aerospace and Defense	5.2	1.4
Construction and Materials	10.6	7.1
Electronic and Electrical Equipment	2.6	2.9
General Industrials	1.6	1.9
Industrial Support Services	5.7	12.7
Industrial Transportation	–	1.1
<b>Real Estate</b>	<b>3.7</b>	<b>2.5</b>
Real Estate Investment and Services	1.3	–
Real Estate Investment Trusts	2.4	2.5
<b>Technology</b>	<b>6.8</b>	<b>5.9</b>
Software and Computer Services	6.0	5.1
Technology Hardware and Equipment	0.8	0.8
<b>Telecommunications</b>	<b>4.5</b>	<b>4.1</b>
Telecommunications Service Providers	4.5	4.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

# Investment Portfolio by Sector

Sector Allocation 2025

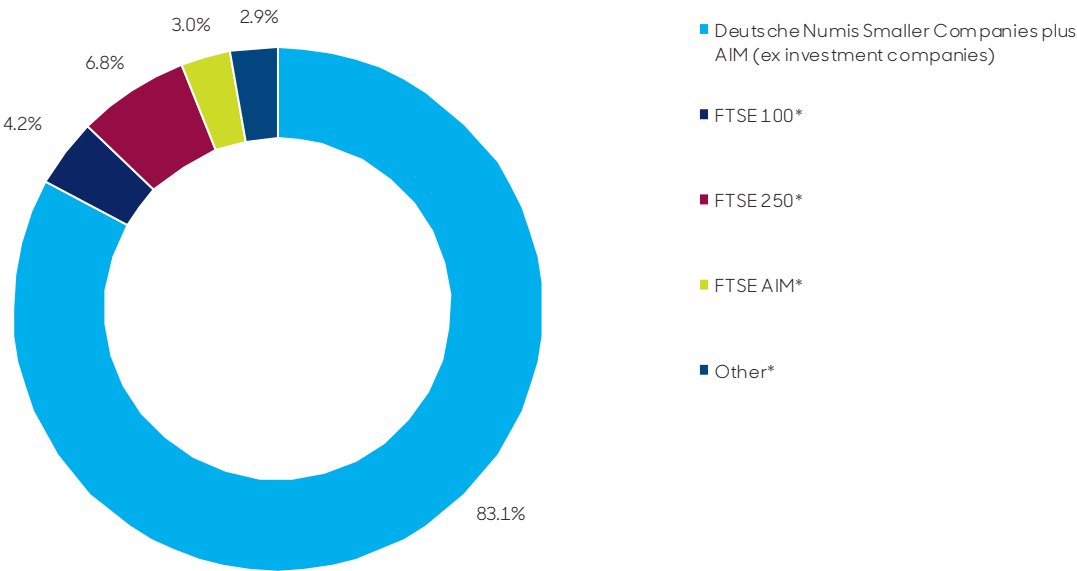


Sector Allocation 2024

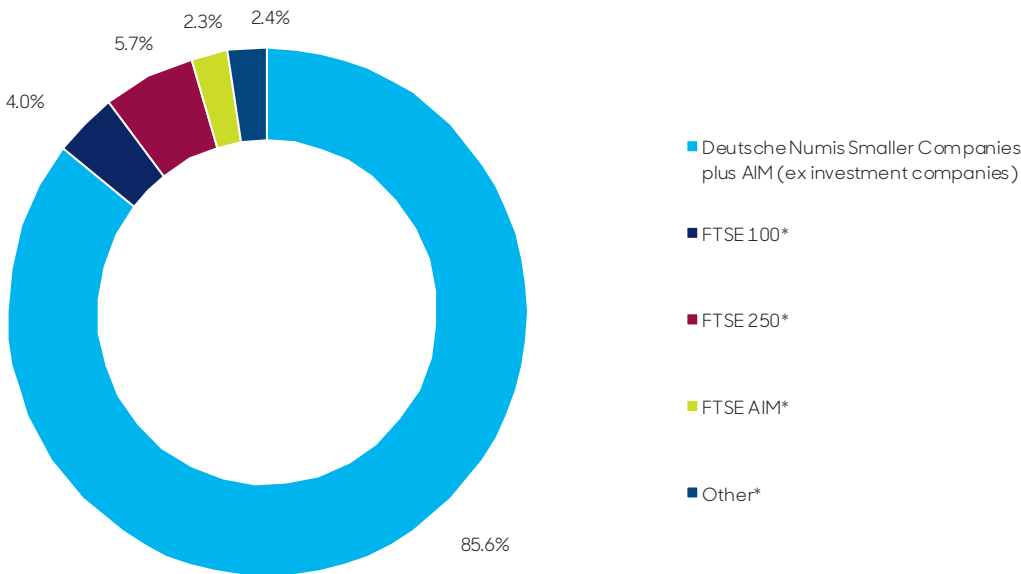


# Market Cap Exposure

## Market cap exposure 2025



## Market cap exposure 2024



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

# Investment Case Studies



## Paragon Banking

Paragon Banking is a well-run UK-focused lending company operating in Buy-To-Let ("BTL") and commercial lending markets (such as SME lending and development finance). Its focus in the BTL space is with professional landlords, who will operate a number of individual properties. The company has a strong track record of conservative operations – on credit quality, lending, accounting and expectations management; this has resulted in a series of strong results and earnings upgrades.

Despite high standards in terms of credit quality of where it is willing to lend, Paragon is finding growth opportunities through lending, in both the BTL sector, as well as increasingly in the commercial space. It is delivering top line growth and, through strong operational management, very attractive returns on capital employed.

Paragon has a strong balance sheet supporting the quality of the investment case; it has consistently delivered growth, underpinned by diverse sources of funding, including retail deposits, and the recent period has been attractive in terms of generating a strong net interest margin. The launch of its "Spring" app is another innovation to appeal to a different type of retail depositor. It also utilised the covered bond market with a £500 million launch.

Paragon exhibits strong ESG credentials and supports the national needs for good quality rental stock. It works closely with landlords to ensure the quality of properties is maintained to high standards. Having active lenders in the BTL space providing this rental stock helps ensure the mobility of the UK workforce, allowing people to find suitable accommodation where they find the most attractive work opportunities as individuals.

Shareholder returns are supported by an attractive dividend yield, around 4.7%, and share buyback programmes. The Investment Manager considered that the shares were significantly undervalued, and the improvement in sentiment towards the UK economy, supported by improving data, has helped drive the share price higher this year. With the earnings upgrades the business has also seen, the Investment Manager believes there remains an attractive investment case and the valuation remains undemanding, given the high returns, balance sheet strength, and growth.



## Avon Technologies

Avon Technologies has established itself as a market leader in the respirator and helmet industry. The company has shown significant momentum with recent contract wins and opportunities for operational improvement. The business enjoys strong market positions, often as the sole-source provider, on several multi-year contracts which provides underpinning and predictability to sales. The company's market-leading portfolio includes a range of respirators and helmets, which are critical for various industries and applications, including military and enforcement agencies.

The company has a high Matrix score and has reported strong results, showcasing solid growth and meaningful margin progression. The company's ability to secure new contracts and improve operational efficiencies has been a key driver. The management team has been focusing on several strategic initiatives to maintain and enhance its market position. The company continues to invest in research and development to introduce new and improved products that meet the evolving needs of its customers. The Company is working on improving its operational processes to reduce costs and increase productivity. This includes optimising its supply chain and manufacturing processes. The company is exploring opportunities to expand its market presence within existing geographies and entering new regions. Currently around 70% of revenues are generated from the US (the US Department of Defense being a major customer, as well as a variety of other commercial agencies across the US), and 30% from the UK and International. This includes entering new markets and increasing its share in existing markets. The Company has US manufacturing locations, as well as in the UK, so it can operate a local for local model in those major geographies.

The end markets are strong and have been boosted with increased defence spending since the Investment Manager initiated the position, and the growth opportunity remains significant. The Investment Manager considers that the outlook for the company is positive, with the management team confident as the business embarks on the next phase of its growth. The company's strong market position, innovative product portfolio, and strategic initiatives are expected to drive continued growth and success in the coming years.



# Governance



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

All Directors are considered by the Board to be independent of the Company and the Manager.





# Board of Directors



**Liz Airey**

Independent Non-Executive Chair

## Experience:

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

## Length of service:

6 years, appointed a Director on 21 August 2019 and Chair on 31 March 2020

## Committee membership:

Management Engagement Committee and Nomination Committee (Chair)

## Contribution:

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



**Ashton Bradbury**

Independent Non-Executive Director

## Experience:

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

## Length of service:

7 years, appointed a Director on 2 July 2018

## Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

## Contribution:

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





## Alexa Henderson

Independent Non-Executive Director

### Experience:

Alexa Henderson has over 30 years' experience in finance, accounting and audit having worked with KPMG, Arthur Andersen and Deutsche Bank (WM Company). She is currently a non-executive director of International Biotechnology Trust plc and WAM Leaders Limited, an Australian-listed investment company. Previous directorships include JPMorgan Japan Small Cap Growth & Income PLC, Dunedin Smaller Companies Investment Trust PLC, Scottish Building Society (which she chaired for four years) and Adam & Company Group PLC. She is a Chartered Accountant.

### Length of service:

7 years, appointed a Director on 8 October 2018

### Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

### Contribution:

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



## Manju Malhotra

Independent Non-Executive Director

### Experience:

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

### Length of service:

2 years, appointed a Director on 1 May 2023

### Committee membership:

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

### Contribution:

The Board has reviewed the contribution of Manju Malhotra in light of her proposed re-election at the AGM and has concluded that she has continued to chair the Audit Committee expertly and continues to provide meaningful financial, business and corporate insight to the Board.

# Board of Directors

## Continued



### **Tim Scholefield**

Senior Independent Non-Executive Director

#### **Experience:**

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

#### **Length of service:**

8 years, appointed a Director on 20 February 2017

#### **Committee membership:**

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

#### **Contribution:**

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

# Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 30 June 2025.

## Results and Dividends

The financial statements for the year ended 30 June 2025 are contained on pages 77 to 97. An interim dividend of 3.70p per Ordinary share was paid on 18 April 2025 and the Directors recommend a final dividend of 9.50p per Ordinary share, payable on 28 November 2025 to shareholders on the register on 31 October 2025. The ex-dividend date is 30 October 2025.

## Principal Activity and Status

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

The Company has been accepted as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

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

## Capital Structure and Voting Rights

The Company's issued share capital at 30 June 2025 consisted of 61,783,713 (2024: 74,270,535) Ordinary shares of 25 pence each and there were 42,380,709 (2024: 29,893,887) Ordinary shares held in treasury.

During the year, 12,486,822 Ordinary shares were bought back into treasury.

Since the year end, the Company has bought back a further 3,485,538 Ordinary shares into treasury.

Accordingly, as at the date of this Report, the Company's issued share capital consisted of 58,298,175 Ordinary shares of 25 pence each and 45,866,247 Ordinary shares held in treasury.

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

## Management Agreement

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

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

With effect from 1 April 2025, the management fee is calculated at a rate of 0.60% per annum on the first £200 million of the Company's net assets and 0.55% on net assets above this threshold.

In addition, until 31 December 2023, the Manager received a secretarial and administration fee of £75,000 plus VAT.

The Manager also receives a separate fee for the provision of promotional activities to the Company. This fee amounted to £202,975 plus VAT for the year (2024: £207,500 plus VAT).

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

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

# Directors' Report

## Continued

### Directors

At the year end, there were five independent non-executive Directors, whose biographies are shown on pages 46 to 48. Liz Airey is the Chair and Tim Scholefield is the Senior Independent Director.

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

The Directors attended scheduled Board and Committee meetings during the year ended 30 June 2025 as follows (with their eligibility to attend the relevant meetings in brackets):

	Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Liz Airey	4 (4)	– (–) <sup>A</sup>	1 (1)	1 (1)
Ashton Bradbury	4 (4)	2 (2)	1 (1)	1 (1)
Alexa Henderson	4 (4)	2 (2)	1 (1)	1 (1)
Manju Malhotra	4 (4)	2 (2)	1 (1)	1 (1)
Tim Scholefield	4 (4)	2 (2)	1 (1)	1 (1)

<sup>A</sup> Liz Airey is not a member of the Audit Committee but attends the meetings by invitation

The Board meets more frequently when business needs require. During the year ended 30 June 2025 this included a Board meeting to approve share buy backs, a Board meeting to approve the circular for the General Meeting held on 21 May 2025 and two Board Committee meetings to approve the annual and half yearly financial statements.

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

### External Agencies

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



## Board Diversity

The Board recognises the importance of having a range of skilled and experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of its Directors. In view of its size, the Board will continue to

ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. In doing so, the Board will take account of the targets set out in the FCA's Listing Rules, which are set out in the tables below.

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

### Board Gender as at 30 June 2025

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

### Board Ethnic Background as at 30 June 2025

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

#### Notes:

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

# Directors' Report

## Continued

### Board's Policy on Tenure

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

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

### The Role of the Chair and Senior Independent Director

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

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

### Management of Conflicts of Interest

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

Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although all Directors are issued with letters of appointment. Other than the deeds of indemnity referred to on page 59, there were no contracts during, or at the end of the year, in which any Director was interested.

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

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

## Directors' and Officers' Liability Insurance

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

## Corporate Governance

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

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

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

The UK Code includes provisions relating to:

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

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

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

## Matters Reserved for the Board

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

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring requirements such as approval of the Half-Yearly Report and Annual Report and financial statements and approval and recommendation of any dividends;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share buy-backs and share issuance;
- Board appointments and removals and the related terms;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the Management Agreement relating thereto; and
- London Stock Exchange/Financial Conduct Authority – responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

# Directors' Report

## Continued

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

### Board Committees

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

#### Audit Committee

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

#### Management Engagement Committee

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

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

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

#### Nomination Committee

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

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

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



Looking to the year ahead, the Board's primary focus will be on monitoring the delivery of performance from the investment process. In addition, the Board will have continued focus on the proactive implementation of share buy backs as the Board's preferred discount control mechanism, together with finding the most cost-effective ways to increase demand for the Company's shares through the Manager's marketing and promotional programme.

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

## Substantial Interests

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

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware as at 30 June 2025.

Shareholder	Number of Ordinary shares	% held
Interactive Investor	10,625,891	17.2
Hargreaves Lansdown	7,388,113	12.0
RBC Brewin Dolphin	4,528,782	7.3
Saba Capital Management	3,673,307	5.9
AJ Bell	3,484,826	5.6
Rathbones	3,106,859	5.0
1607 Capital Partners	2,275,121	3.7
Charles Stanley	2,087,057	3.4
West Yorkshire Pension Fund	2,059,694	3.3

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

## Going Concern

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

As at 30 June 2025, the Company had a £40 million unsecured revolving credit facility with The Royal Bank of Scotland International Limited which was due to expire on 1 November 2025. As explained in greater detail in the Chair's Statement on page 8, since the year end the Company has replaced the loan facility with a new £40 million secured facility with Bank of America.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 14 to 16 and they believe that the Company has adequate financial resources to continue in operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise, as well as share buy back commitments. The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year and considered the Company's Statement of Financial Position as at 30 June 2025 which shows net current liabilities of £24.6 million at that date, and do not consider this to be a concern due to the liquidity of the portfolio which would enable the Company to meet any short term liabilities if required.

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

## Accountability and Audit

The respective responsibilities of the Directors and the Independent Auditor in connection with the financial statements appear on pages 68 and 69 to 76.

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

# Directors' Report

## Continued

### Independent Auditor

Following a competitive audit tender process conducted during 2024, Johnston Carmichael LLP was appointed as the Company's Independent Auditor at the Annual General Meeting on 21 November 2024. Resolutions to approve Johnston Carmichael LLP's re-appointment for the year to 30 June 2026 and to authorise the Directors to determine its remuneration will be proposed at the Annual General Meeting.

### Financial Instruments

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

### Relations with Shareholders

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

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

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

The Company's Annual General Meeting provides a forum for communication primarily with private shareholders and is attended by the Board. The Investment Manager makes a presentation at the meeting and all shareholders have the opportunity to put questions to both the Board and the Manager/Investment Manager at the meeting. In addition, as explained in the Chair's Statement, the Company will hold an Online Shareholder Presentation in advance of the Annual General Meeting this year including the opportunity for an interactive question and answer session.

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

### Additional Information

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

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

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

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

## Annual General Meeting

The Notice of the Annual General Meeting ("AGM"), which will be held at 12 noon on Thursday, 20 November 2025, and related notes, may be found on pages 113 to 118.

Resolutions including the following business will be proposed.

### Issue of Ordinary Shares

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

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

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

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

The authorities being sought under Resolutions 11 and 12 shall expire at the conclusion of the Company's next AGM in 2026 or, if earlier, on the expiry of 15 months from the date of the passing of the resolutions, unless such authorities are renewed prior to such time. The Directors have no current intention to exercise these authorities and will only do so if they believe it is advantageous and in the best interests of shareholders.

### Purchase of the Company's Ordinary Shares

At a General Meeting of the Company held on 21 May 2025, shareholders approved a special resolution to renew the authority of the Company to make market purchases of its Ordinary shares.

Resolution 13, which is a special resolution, seeks to renew the Board's authority to make market purchases of the Company's Ordinary shares in accordance with the provisions contained in the Companies Act 2006 and the FCA's Listing Rules. Accordingly, the Company will seek authority to purchase up to a maximum of 14.99% of the issued share capital (excluding treasury shares) at the

date of passing of the resolution at a minimum price of 25 pence per share (being the nominal value). Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

The Board does not intend to use this authority to purchase the Company's Ordinary shares, unless to do so would result in an increase in the net asset value per Ordinary share and would be in the best interests of shareholders. Any Ordinary shares purchased shall either be cancelled or held in treasury. The authority being sought shall expire at the conclusion of the AGM in 2026 or, if earlier, on the expiry of 15 months from the date of the passing of the resolution unless such authority is renewed prior to such time.

The Company bought back 12,486,822 Ordinary shares during the year ended 30 June 2025, representing 16.8% of the opening issued share capital. These buy backs were conducted in accordance with the Company's discount control policy which is included on page 18. It is the view of the Board that this policy is in the best interests of shareholders as a whole. The use of the share buy back authority during the year is set out in the Chair's Statement on page 9.

### Tender Offers

In addition to the authority that is being sought by the Company under Resolution 13 to purchase its own Ordinary shares of 25 pence each, Resolution 14, which is a special resolution, grants the Board the authority to implement one or more tender offers and to repurchase up to a maximum of 10% of the Company's issued share capital in the financial year prior to the conclusion of the next AGM. If Resolution 14 is passed, the tender offers will be structured by way of an on-market offer by a market-maker and the price will be an amount equal to the realisation value of the assets attributable to the shares tendered, as at the latest practicable date before such tender, less an exit charge of 2%. The shares will subsequently be bought back by the Company from the market-maker at the same price and cancelled or held in treasury.

# Directors' Report

## Continued

If Resolution 14 is passed, such authority will expire at the conclusion of the Company's AGM in 2026 or, if earlier, on the expiry of 15 months from the date of the passing of the resolution unless renewed prior to that date.

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

### Notice of Meeting

Under the Companies Act 2006, the notice period for the holding of general meetings of the Company is 21 clear days unless shareholders agree to a shorter notice period and certain other conditions are met. Resolution 15, which is a special resolution, will seek to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on not less than 14 clear days' notice, as permitted by the Companies Act 2006 as amended by the Companies (Shareholders' Rights) Regulations 2009.

It is currently intended that this flexibility to call general meetings on shorter notice will only be used for non-routine business and where it is considered to be in the interests of all shareholders. If Resolution 15 is passed, the authority to convene general meetings on not less than 14 clear days' notice will remain effective until the conclusion of the AGM in 2026.

### Change of Company Name

Resolution 16, which will be proposed as a special resolution, seeks shareholder approval to change the Company's name to "Aberdeen UK Smaller Companies Growth Trust plc". The change of name is being proposed in order to align the Company's name with the name of the Manager's business, which has recently changed. If shareholders pass Resolution 16, the Board will effect the change in name as soon as possible following the AGM.

### Recommendation

The Board considers that the resolutions to be proposed at the AGM are in the best interests of the Company and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board recommends that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 78,134 Ordinary shares, representing 0.13% of the Company's issued share capital as at the date of this Report.

### By order of the Board abrdr Holdings Limited

Company Secretary  
1 George Street  
Edinburgh EH2 2LL  
3 September 2025



# Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

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

Company law requires the Company's Independent Auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The Independent Auditor's report is included on pages 69 to 76.

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

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

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

## Remuneration Policy

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

Directors are remunerated exclusively in the form of fees, payable monthly in arrears to the Director personally. The fees for the Directors are determined within the limits set out in this Remuneration Policy and the Company's Articles of Association which currently limit the aggregate of the fees payable to the Directors to £250,000 per annum.

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

## Appointment Terms

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

# Directors' Remuneration Report

## Continued

### Performance, Service Contracts, Compensation and Loss of Office

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

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

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

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

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

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

### Implementation Report

#### Review of Directors' Fees

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

	30 June 2025	30 June 2024
	£	£
Chair	43,700	40,700
Chair of the Audit Committee	35,200	32,800
Senior Independent Director	31,500	29,400
Director	29,500	27,500

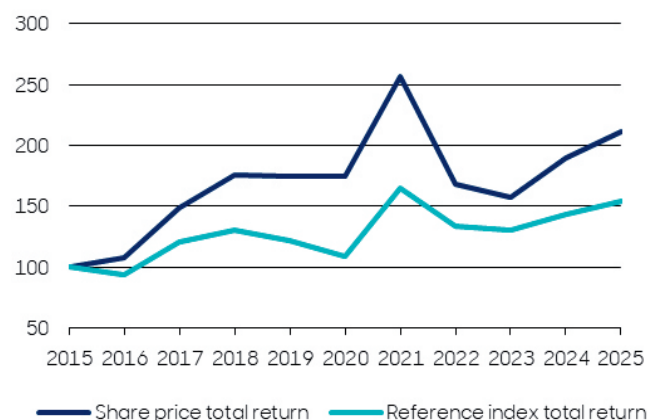
The Nomination Committee carried out a review of the level of Directors' fees during the year, which included

consideration of fees paid by comparable investment trusts and the sector as a whole, the responsibilities and time commitment of the Directors, their skills and experience, and the level of basic fee required to attract new Directors of sufficient calibre.

Following this review, the Nomination Committee concluded that fees would be increased with effect from 1 July 2025 to £45,900 for the Chair, £37,000 for the Chair of the Audit Committee, £33,000 for the Senior Independent Director and £31,000 for the other Directors. The Nomination Committee was not provided with advice or services by any person in respect of its consideration of the Directors' remuneration.

### Company Performance

The graph below shows the share price total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the Deutsche Numis Smaller Companies plus AIM (ex investment companies) Index for the ten year period to 30 June 2025 (rebased to 100 at 30 June 2015). This index was chosen for comparison purposes as it is the reference index used for investment performance measurement purposes.



### Statement of Voting at Annual General Meeting

At the Company's last Annual General Meeting, held on 21 November 2024, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 30 June 2024. 99.3% of proxy votes were in favour of the resolution and 0.7% were against. There were abstentions in respect of 42,911 shares.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 30 June 2025 will be proposed at the Annual General Meeting.

### Spend on Pay

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

### Directors' Remuneration (audited)

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

	Year ended 30 June 2025			Year ended 30 June 2024		
	Fees £	Taxable Expenses £	Total £	Fees £	Taxable Expenses £	Total £
Liz Airey	43,700	516	44,216	40,700	451	41,151
Ashton Bradbury	29,500	871	30,371	27,500	265	27,765
Alexa Henderson	29,500	-	29,500	27,500	-	27,500
Manju Malhotra <sup>A</sup>	35,200	644	35,844	30,695	491	31,186
Caroline Ramsay <sup>B</sup>	-	-	-	13,029	387	13,416
Tim Scholefield	31,500	618	32,118	29,400	396	29,796
<b>Total</b>	<b>169,400</b>	<b>2,649</b>	<b>172,049</b>	<b>168,824</b>	<b>1,990</b>	<b>170,814</b>

<sup>A</sup> Appointed as Chair of the Audit Committee on 23 November 2023

<sup>B</sup> Retired as a Director on 23 November 2023

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

# Directors' Remuneration Report

## Continued

### Annual Percentage Change in Directors' Remuneration

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

	Year ended 30 June 2025	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021
	Fees %	Fees %	Fees %	Fees %	Fees %
Liz Airey	7.4	5.7	2.9	6.9	n/a <sup>A</sup>
Ashton Bradbury	7.3	5.8	2.8	6.8	-
Alexa Henderson	7.3	5.8	2.8	6.8	-
Manju Malhotra	14.7 <sup>B</sup>	18.1 <sup>B</sup>	n/a	n/a	n/a
Tim Scholefield	7.1	5.9	2.8	7.1	-

<sup>A</sup> Appointed as a Director on 21 August 2019 and as Chair on 31 March 2020

<sup>B</sup> Pro-rated from date of appointment on 1 May 2023. Appointed as Chair of the Audit Committee on 23 November 2023

### Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 30 June 2025:

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

### On behalf of the Board

**Liz Airey**

Chair

3 September 2025

### Directors' Interests in the Company (audited)

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 30 June 2025 and 30 June 2024 had no interest in the share capital of the Company other than those interests, all of which are beneficial, shown in the following table.

	30 June 2025 Ordinary shares	30 June 2024 Ordinary shares
Liz Airey	50,000	50,000
Ashton Bradbury	10,000	10,000
Alexa Henderson	9,934	4,391
Manju Malhotra	-	-
Tim Scholefield	8,200	8,200

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



# Audit Committee's Report

The Audit Committee presents its Report for the year ended 30 June 2025.

## Committee Composition

The Audit Committee comprises all of the non-executive Directors other than the Chair of the Board. The Audit Committee is chaired by Manju Malhotra who is a Chartered Accountant and has recent and relevant financial experience. The Board is satisfied that the Audit Committee as a whole has competence relevant to the investment trust sector.

## Functions of the Audit Committee

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

The Committee's main functions are listed below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant and internal audit and compliance reports relating thereto (including review of non-financial risks) (the Directors' statement on the Company's internal controls and risk management is set out below);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company and any formal announcements relating to the Company's financial performance, by reviewing, and challenging where necessary the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly financial reports, and any formal announcements relating to the Company's financial performance;

- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the Independent Auditor to review the proposed audit programme of work and the findings of the Independent Auditor. The Audit Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Independent Auditor to supply non-audit services. All non-audit services must be approved in advance by the Audit Committee and will be reviewed in the light of relevant guidance and statutory requirements regarding the provision of non-audit services by the external audit firm, and the need to maintain the Auditor's independence. There were no non-audit fees paid to the Independent Auditor during the year under review or during the previous year;
- to obtain and review a statement from the Aberdeen Group detailing the arrangements in place within the group whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations to the Board in relation to the appointment of the Independent Auditor and to approve the remuneration and terms of engagement of the Independent Auditor; and
- to monitor and review the Auditor's independence, objectivity, effectiveness, resources and qualification, taking into consideration relevant UK professional and regulatory requirements;

## Activities During the Year

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

# Audit Committee's Report

## Continued

### Internal Controls and Risk Management

The Audit Committee confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks, that has been in place for the year ended 30 June 2025 and up to the date of approval of the Annual Report, which is regularly reviewed by the Audit Committee and accords with the FRC's guidance on internal controls.

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

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

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

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

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

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

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

## Financial Statements and Significant Matters

During its review of the Company's financial statements for the year ended 30 June 2025, the Audit Committee considered the following significant matters, in particular those communicated by the Independent Auditor during its planning and reporting of the year end audit:

### Valuation, Existence and Ownership of Investments

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

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

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

### Recognition of Dividend Income

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

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

### Review of Financial Reporting

The Audit Committee, when considering the draft Annual Report and financial statements for the year ended 30 June 2025, concluded that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy, and that a recommendation could be made to the Board for it to reach this conclusion. As part of its considerations, the Audit Committee assumed that the reader of the Annual Report and financial statements would have a reasonable knowledge of the investment industry in general and of investment trusts in particular.

### Review of Independent Auditor

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

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

# Audit Committee's Report

## Continued

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

The Independent Auditor's report is included on pages 69 to 76. Details of the amounts payable to Johnston Carmichael during the year for audit services are set out in note 5 to the financial statements.

### Tenure of the Independent Auditor

Following a competitive audit tender process conducted during 2024, Johnston Carmichael was appointed as the Company's Independent Auditor at the Annual General Meeting on 21 November 2024. In accordance with present professional guidelines the audit partner is rotated after no more than five years and the year ended 30 June 2025 is the first year for which the present audit partner, Bryan Shepka, has served.

In compliance with the appropriate regulations, the next audit tender of the Company is due to take place by 2034.

The Audit Committee is satisfied with the quality of the work and service carried out by Johnston Carmichael and with the level of fees. The Audit Committee is also satisfied that Johnston Carmichael is independent and therefore supports the recommendation to the Board that the re-appointment of Johnston Carmichael be put to shareholders for approval at the Annual General Meeting.

### On behalf of the Audit Committee

**Manju Malhotra**

Chair of the Audit Committee

3 September 2025



# Financial Statements



Investments in the in the Construction and Materials sector represent 10.6% of the portfolio and include Morgan Sindall.

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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable law.

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

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

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

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

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

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

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

The Directors confirm that to the best of their knowledge:

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

### On behalf of the Board

**Liz Airey**

Chair

3 September 2025

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

## Opinion

We have audited the financial statements of abrdn UK Smaller Companies Growth Trust plc (the "Company") for the year ended 30 June 2025, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2025 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Our approach to the audit

We planned our audit by first obtaining an understanding of the Company and its environment, including its key activities delegated by the Board to relevant approved third-party service providers and the controls over provision of those services.

We conducted our audit using information maintained and provided by abrdn Investment Management Limited (the "Investment Manager"), abrdn Fund Managers Limited (the "Alternative Investment Fund Manager"), abrdn Holdings Limited (the "Company Secretary", and "Administrator"), BNP Paribas SA, London Branch (the "Depositary") and Computershare Investor Services PLC (the "Registrar") to whom the Company has delegated the provision of services.

We tailored the scope of our audit to reflect our risk assessment, taking into account such factors as the types of investments within the Company, the involvement of the Administrator, the accounting processes and controls, and the industry and geography in which the Company operates.

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 the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Key audit matters

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

We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.



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

## Continued

Key audit matter	How our audit addressed the key audit matter and our conclusions
<p><b>Valuation of investments</b> (as per page 65 (Report of the Audit Committee), page 81 (Accounting Policies) and Note 10.</p> <p>The valuation of the investments held at fair value through profit or loss at 30 June 2025, which comprise wholly listed investments, was £383.8 million (2024: £436.7 million).</p> <p>As this is the largest component of the Company's Statement of Financial Position, and a key driver of the Company's total return, valuation of the investments has been designated as a key audit matter, being one of the most significant assessed risks of material misstatement due to error.</p> <p>There is a further risk that listed investments held at fair value may not be actively traded and the quoted prices may not be reflective of their fair value (valuation).</p>	<p>We assessed controls reports produced by the Administrator to evaluate the design of the process and implementation of key controls.</p> <p>We compared market prices applied to all quoted investments held at 30 June 2025 to an independent third-party source and recalculated the investment valuations.</p> <p>We obtained average trading volumes from an independent third-party source for all quoted investments held at year end and assessed their liquidity. Where trading volumes indicated lower levels of liquidity, we obtained management's active market assessment to assess whether the year end fair value was appropriate.</p> <p>From our completion of these procedures, we identified no material misstatements in relation to the valuation of the investments.</p>
<p><b>Revenue recognition, including allocation of special dividends as revenue or capital returns</b> (as per page 65 (Report of the Audit Committee), page 82 (Accounting Policies) and Note 3.</p> <p>Income from investments recognised for the year to 30 June 2025 was £10.6 million (2024: £13.3 million) consisting primarily of dividends received from quoted investments.</p> <p>Revenue-based performance metrics are often one of the key performance indicators for stakeholders. The investment income received by the Company during the year directly impacts these metrics and the minimum dividend required to be paid by the Company.</p> <p>There is a risk that revenue is incomplete or inaccurate through failure to recognise income entitlements or failure to appropriately account for their treatment as revenue or capital. It has therefore been designated as a key audit matter being one of the most significant assessed risks of material misstatement due to error.</p> <p>Additionally, there is a fraud risk of incorrect allocation of special dividends as revenue or capital returns as judgement is required in determining their allocation within the Statement of Comprehensive Income.</p>	<p>We assessed controls reports produced by the Administrator to evaluate the design of the process and implementation of key controls.</p> <p>We confirmed that income was recognised and disclosed in accordance with the AIC SORP by assessing the accounting policies.</p> <p>We recalculated 100% of dividends due to the Company based on investment holdings throughout the year and announcements made by investee companies.</p> <p>We agreed a sample of dividends received to bank statements.</p> <p>We assessed the completeness of the special dividend population and determined whether special dividends recognised are revenue or capital in nature with reference to the underlying commercial circumstances of the investee companies' dividend payment.</p> <p>From our completion of these procedures, we identified no material misstatements in relation to revenue recognition, including allocation of special dividends as revenue or capital returns.</p>



## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

Materiality measure	Value
<b>Materiality for the financial statements as a whole</b> We have set materiality as 1% of total assets as we believe that total assets is the primary performance measure used by investors and is the key driver of shareholder value. We determined the measurement percentage to be commensurate with the risk and complexity of the audit and the Company's listed status.	£4,010k
<b>Performance materiality</b> Performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.  In setting this we consider the Company's overall control environment, and any experience of the audit that indicates a lower risk of material misstatements. Based on our judgement of these factors, we have set performance materiality at 50% of our overall financial statement materiality as this is our first year as Auditor.	£2,005k
<b>Specific materiality</b> Recognising that there are transactions and balances of a lesser amount which could influence the understanding of users of the financial statements we calculate a lower level of materiality for testing such areas.  Specifically, given the importance of the distinction between revenue and capital for the Company, we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income, set as the higher of 5% of the revenue return before taxation and our Audit Committee Reporting Threshold.  We have set a specific materiality in respect of related party transactions and Directors' remuneration.  We used our judgement in setting these thresholds and considered our experience and industry benchmarks for specific materiality.	£467k
<b>Audit Committee reporting threshold</b> We agreed with the Audit Committee that we would report to them all differences in excess of 5% of overall materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.	£200k

During the course of the audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end.

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

## Continued

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's method of assessing going concern and viability, including consideration of market conditions and macro-economic uncertainties;
- assessing and challenging the forecast cashflows and associated sensitivity modelling used by management in support of their going concern and viability assessment by reference to supporting documentation, Board approved budgets, our own understanding of the Company and the economic environment in which it operates, and the results of other audit work;
- assessing the accuracy of management's forecasts by comparing the reliability of past forecasts to actual results;
- performing arithmetical and consistency checks on management's base forecast;
- reviewing the adherence to loan covenants in place based on the forecasts and considered the likelihood of these being breached in the future via the sensitivity analyses performed;
- obtaining and recalculating management's assessment of the Company's ongoing maintenance of investment trust status; and
- assessing the adequacy of the Company's going concern and viability disclosures included in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

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

## Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55;
- the Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 18 to 19;
- the Directors' statement on fair, balanced and understandable set out on page 68;
- the Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 55;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 14;
- the section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems set out on pages 64 and 65; and
- the section describing the work of the Audit Committee set out on pages 63 to 66.

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

## Continued

### Responsibilities of Directors

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

### Auditor responsibilities for the audit of the financial statements

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

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

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006;
- Financial Conduct Authority (FCA) listing and Disclosure Guidance and Transparency Rules (DTR);
- the principles of the UK Corporate Governance Code applied by the AIC Code of Corporate Governance (the "AIC Code");
- industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in July 2022;
- the Company's qualification as an investment trust under section 1158 of the Corporation Tax Act 2010; and
- UK Generally Accepted Accounting Practice.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.



We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk. We identified a heightened fraud risk in relation to:

- management override of controls; and
- the allocation of special dividends as revenue or capital items.

Audit procedures performed in response to the risks relating to the allocation of special dividends as revenue or capital returns are set out in the section on key audit matters above, and audit procedures performed in response to the risk of management override of controls are included below.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- reviewing the level of and reasoning behind the Company's procurement of legal and professional services;
- performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, recalculating the investment management fee, evaluating the business rationale of significant transactions outside the normal course of business and assessing judgements made by management in their calculation of accounting estimates for potential management bias;
- completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006 and the Listing Rules; and
- agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

## Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 9 January 2025 to audit the financial statements for the year ended 30 June 2025 and subsequent financial periods. The period of our total uninterrupted engagement is one year, covering the year ended 30 June 2025.

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

Our audit opinion is consistent with the additional report to the Audit Committee.

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

Continued

## Use of our report

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

## Bryan Shepka (Senior Statutory Auditor)

For and on behalf of Johnston Carmichael LLP  
Statutory Auditor  
Glasgow, United Kingdom  
3 September 2025

# Statement of Comprehensive Income

	Notes	Year ended 30 June 2025			Year ended 30 June 2024		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains on investments held at fair value	10	-	11,512	11,512	-	48,116	48,116
Income	3	11,344	-	11,344	12,727	1,474	14,201
Investment management fee	4	(622)	(1,867)	(2,489)	(704)	(2,113)	(2,817)
Other administrative expenses	5	(781)	-	(781)	(876)	-	(876)
<b>Net return before finance costs and taxation</b>		<b>9,941</b>	<b>9,645</b>	<b>19,586</b>	<b>11,147</b>	<b>47,477</b>	<b>58,624</b>
Finance costs	6	(611)	(1,832)	(2,443)	(557)	(1,533)	(2,090)
<b>Return before taxation</b>		<b>9,330</b>	<b>7,813</b>	<b>17,143</b>	<b>10,590</b>	<b>45,944</b>	<b>56,534</b>
Taxation	7	-	-	-	-	-	-
<b>Return after taxation</b>		<b>9,330</b>	<b>7,813</b>	<b>17,143</b>	<b>10,590</b>	<b>45,944</b>	<b>56,534</b>
<b>Return per Ordinary share (pence)</b>	<b>9</b>	<b>13.52</b>	<b>11.32</b>	<b>24.84</b>	<b>13.12</b>	<b>56.90</b>	<b>70.02</b>

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

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

The accompanying notes on pages 81 to 97 are an integral part of the financial statements.

# Statement of Financial Position

	Notes	As at 30 June 2025 £'000	As at 30 June 2024 * Restated £'000
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	10	383,829	436,689
<b>Current assets</b>			
Debtors	11	951	2,541
Cash and cash equivalents		16,218	15,920
		17,169	18,461
<b>Current liabilities</b>			
Creditors: other amounts falling due within one year	12	(1,812)	(2,097)
Bank loan	12	(39,991)	(39,964)
		(41,803)	(42,061)
<b>Net current liabilities</b>		<b>(24,634)</b>	<b>(23,600)</b>
<b>Total assets less current liabilities</b>		<b>359,195</b>	<b>413,089</b>
<b>Net assets</b>			
		359,195	413,089
<b>Capital and reserves</b>			
Called-up share capital	13	26,041	26,041
Share premium account		170,146	170,146
Capital reserve	14	148,574	203,375
Revenue reserve		14,434	13,527
<b>Equity shareholders' funds</b>		<b>359,195</b>	<b>413,089</b>
<b>Net asset value per Ordinary share (pence)</b>	15	<b>581.37</b>	556.19

\* Further details of the restatement can be found in note 23 on page 97.

The financial statements on pages 77 to 97 were approved by the Board of Directors on 3 September 2025 and were signed on its behalf by:

**Liz Airey**  
Chair

The accompanying notes on pages 81 to 97 are an integral part of the financial statements.



# Statement of Changes in Equity

## For the year ended 30 June 2025

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 June 2024	26,041	170,146	203,375	13,527	413,089
Return after taxation	-	-	7,813	9,330	17,143
Buyback of Ordinary shares into Treasury (see note 13)	-	-	(62,614)	-	(62,614)
Dividends paid (see note 8)	-	-	-	(8,423)	(8,423)
<b>Balance at 30 June 2025</b>	<b>26,041</b>	<b>170,146</b>	<b>148,574</b>	<b>14,434</b>	<b>359,195</b>

## For the year ended 30 June 2024

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

The capital reserve at 30 June 2025 is split between realised of £71,720,000 and unrealised of £76,854,000 (30 June 2024 – realised £110,364,000 and unrealised £93,011,000).

The Company's reserves available to be distributed by way of dividends or share buybacks which includes the revenue reserve and the realised element of the capital reserve amount to £86,154,000 (30 June 2024 – £123,891,000).

The accompanying notes on pages 81 to 97 are an integral part of the financial statements.

# Statement of Cash Flows

	Year ended 30 June 2025 £'000	Year ended 30 June 2024 * Restated £'000
<b>Operating activities</b>		
Net return before taxation	17,143	56,534
Adjustment for:		
Gains on investments	(11,512)	(48,116)
Decrease/(increase) in accrued dividend and interest income	1,609	(912)
Finance costs	2,443	2,090
Increase in other debtors	(1)	(2)
Decrease in other creditors	(84)	(1,063)
<b>Net cash inflow from operating activities</b>	<b>9,598</b>	<b>8,531</b>
<b>Investing activities</b>		
Purchases of investments	(119,283)	(116,814)
Sales of investments	183,672	166,628
<b>Net cash inflow from investing activities</b>	<b>64,389</b>	<b>49,814</b>
<b>Financing activities</b>		
Bank and loan interest paid	(2,496)	(1,862)
Repurchase of Ordinary shares into Treasury	(62,770)	(60,450)
Drawdown of loan	-	15,000
Equity dividends paid	(8,423)	(9,536)
<b>Net cash outflow from financing activities</b>	<b>(73,689)</b>	<b>(56,848)</b>
<b>Increase in cash and cash equivalents</b>	<b>298</b>	<b>1,497</b>
<b>Analysis of changes in cash and cash equivalents during the year</b>		
Opening balance	15,920	14,423
Increase in cash and cash equivalents as above	298	1,497
<b>Closing balance</b>	<b>16,218</b>	<b>15,920</b>
<b>Represented by:</b>		
Cash at bank and in hand	5	293
Investments in AAA-rated money market funds	16,213	15,627
	<b>16,218</b>	<b>15,920</b>

\* Further details of the restatement can be found in note 23 on page 97.

The accompanying notes on pages 81 to 97 are an integral part of the financial statements.

# Notes to the Financial Statements

For the year ended 30 June 2025

## 1. Principal activity

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

## 2. Accounting policies

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

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

As at 30 June 2025, the Company had fully drawn down from a £40 million unsecured revolving credit facility with The Royal Bank of Scotland International Limited which was due to expire on 1 November 2025. Since the year end the Company has replaced the loan facility with a new £40 million secured facility with Bank of America.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 14 to 16 and they believe that the Company has adequate financial resources to continue in operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise. The Directors have also reviewed the revenue and ongoing expenses forecasts for the coming year and considered the Company's Statement of Financial Position as at 30 June 2025 which shows net current liabilities of £24.6 million at that date, and do not consider this to be a concern due to the liquidity of the portfolio which would enable the Company to meet any short term liabilities if required.

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

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

- b) **Investments.** Investments have been designated upon initial recognition as fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery to be made within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all the FTSE All-Share and the most liquid AIM constituents.

Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

# Notes to the Financial Statements

## Continued

c) **Income.** Income from equity investments, including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital in the Statement of Comprehensive Income, according to the circumstances of the underlying payment. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short-term deposits and money market funds is accounted for on an accruals basis under the effective interest method.

d) **Expenses and interest payable.** Expenses are accounted for on an accruals basis. Expenses are charged to the capital column of the Statement of Comprehensive Income when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs are allocated 25% to revenue and 75% to the capital columns of the Statement of Comprehensive Income in line with the Board's expectation of returns from the Company's investments over the long term in the form of revenue and capital respectively (see notes 4 and 6).

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

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

f) **Nature and purpose of reserves**

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

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

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

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

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

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

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

- h) **Foreign currency.** Non-monetary assets and liabilities denominated in foreign currency carried at fair value through profit or loss are converted into Sterling at the rate of exchange ruling at the year end date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Comprehensive Income.
- i) **Judgements and key sources of estimation uncertainty.** Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the Financial Statements. Investments in AAA- rated money market funds are judged to be a cash or cash equivalent due to their short-term and highly liquid nature. There is also no significant risk that they will not be realised at their carrying value.
- j) **Cash and cash equivalents.** Cash comprises bank balances and cash held by the Company. Cash equivalents are short-term, highly liquid investments, including investments in AAA-rated money market funds, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- k) **Bank borrowing.** Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income under the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.
- l) **Treasury shares.** When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the capital reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.



# Notes to the Financial Statements

## Continued

### 3. Income

	2025 £'000	2024 £'000
<b>Income from investments</b>		
UK dividend income	8,800	10,363
Property income distributions	112	274
Overseas dividend income	1,197	888
Special dividends	531	315
Special dividends - capital	-	1,474
	<b>10,640</b>	<b>13,314</b>
<b>Other income</b>		
Interest from AAA-rated money market funds	704	873
Bank interest	-	14
<b>Total income</b>	<b>11,344</b>	<b>14,201</b>

### 4. Investment management fee

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	622	1,867	2,489	704	2,113	2,817

The balance due to abrdn Fund Managers Limited ("aFML") at the year end in respect of investment management fees was £519,000 (2024 - £715,000). The management fee was revised with effect from 1 April 2025. For further details see the Directors' Report on page 49 and note 20 on page 97.

## 5. Administrative expenses (inclusive of VAT)

	2025 £'000	2024 £'000
Secretarial fees <sup>A</sup>	-	45
Promotional activities <sup>A</sup>	246	249
Directors' fees	169	169
Auditor's remuneration:		
– fees payable to the Company's Independent Auditor for the audit of the annual accounts (excluding VAT)	42	71
– VAT on audit fees	8	12
Registrar's fees	42	29
Professional fees	56	48
Custody fees	32	29
Depository fees	47	49
Other expenses	139	175
	<b>781</b>	<b>876</b>

<sup>A</sup> During the year ended 30 June 2024 the Company had an agreement with aFML for the provision of secretarial services and promotional activities. It was agreed between the Company and the Manager that payments under this agreement in relation to secretarial fees would cease from 1 January 2024. Secretarial fees payable during the year, inclusive of VAT, were £nil (2024 – £45,000) and the amount due to aFML at the year end was £nil (2024 – £nil). Costs relating to promotional activities during the year, inclusive of VAT, were £246,000 (2024 – £249,000) and the amount due to aFML at the year end was £365,000 (2024 – £119,000).

## 6. Finance costs

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loan interest	604	1,812	2,416	535	1,466	2,001
Non-utilisation fees	-	-	-	15	47	62
Amortisation of loan arrangement expenses	7	20	27	7	20	27
	<b>611</b>	<b>1,832</b>	<b>2,443</b>	<b>557</b>	<b>1,533</b>	<b>2,090</b>

# Notes to the Financial Statements

## Continued

### 7. Taxation

(a) Analysis of charge for year

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Tax charge	-	-	-	-	-	-

Given the Company's continued investment trust status and there being no taxable income generated from its operations, no tax has been paid in the year (2024 – same).

- (b) **Provision for deferred taxation.** At 30 June 2025, the Company had unutilised management expenses and loan relationship losses of £89,863,000 (2024 – £84,965,000). A deferred tax asset has not been recognised on the unutilised management expenses and loan relationship losses as it is unlikely there will be suitable future taxable profits against which these tax losses could be deducted. Therefore, it is unlikely that the Company will generate future taxable revenue that would enable the existing tax losses to be utilised.

- (c) **Factors affecting the tax charge for the year.** The tax charge for the year is lower (2024 – lower) than the standard rate of UK corporation tax for the period of 25% (2024 – 25%). The differences are explained in the following table:

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	9,330	7,813	17,143	10,590	45,944	56,534
Corporation tax at 25% (2024 – 25%)	2,333	1,953	4,286	2,648	11,486	14,134
Effects of:						
Non-taxable UK dividend income	(2,633)	-	(2,633)	(2,806)	(368)	(3,174)
Non-taxable overseas dividend income	-	-	-	(86)	-	(86)
Management expenses and loan relationship losses not utilised	300	925	1,225	244	911	1,155
Non-taxable gains on investments	-	(2,878)	(2,878)	-	(12,029)	(12,029)
<b>Total tax charge</b>	-	-	-	-	-	-

## 8. Dividends

	2025 £'000	2024 £'000
Amounts recognised as distributions to equity holders in the period:		
2024 final dividend of 8.30p per share (2023 – 8.00p) paid on 29 November 2024	6,003	6,711
2025 interim dividend of 3.70p per share (2024 – 3.70p) paid on 18 April 2025	2,420	2,825
	8,423	9,536

The proposed 2025 final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158–1159 of the Corporation Taxes Act 2010 are considered. The net revenue available for distribution by way of dividend for the year is £9,330,000 (2024 – £10,590,000).

	2025 £'000	2024 £'000
Interim dividend 2025 of 3.70p per share (2024 – 3.70p) paid on 18 April 2025	2,420	2,825
Proposed final dividend 2025 of 9.50p per share (2024 – 8.30p) payable on 28 November 2025	5,538	6,119
	7,958	8,944

The amount payable for the proposed final dividend is based on the Ordinary shares in issue as the date of approval of this Report, 3 September 2025, which satisfies the requirement of Section 1159 of the Corporation Tax Act 2010.

## 9. Return per Ordinary share

	2025		2024	
	p	£000	p	£000
<b>Basic</b>				
Revenue return	13.52	9,330	13.12	10,590
Capital return	11.32	7,813	56.90	45,944
<b>Total return</b>	<b>24.84</b>	<b>17,143</b>	<b>70.02</b>	<b>56,534</b>
 <b>Weighted average number of Ordinary shares in issue</b>		<b>69,016,410</b>		<b>80,738,502</b>

# Notes to the Financial Statements

## Continued

### 10. Investments held at fair value through profit or loss

	2025 £'000	2024 £'000
Opening book cost	343,678	389,539
Opening investment holdings gains	93,011	48,869
<b>Opening fair value</b>	<b>436,689</b>	<b>438,408</b>
Additions at cost	119,318	116,783
Disposals - proceeds	(183,690)	(166,618)
Gains	11,512	48,116
<b>Closing fair value</b>	<b>383,829</b>	<b>436,689</b>

	2025 £'000	2024 £'000
Closing book cost	306,975	343,678
Closing investment holding gains	76,854	93,011
<b>Closing fair value</b>	<b>383,829</b>	<b>436,689</b>

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

The Company received £183,690,000 (2024 - £166,618,000) from investments sold in the period. The book cost of these investments when they were purchased was £156,021,000 (2024 - £162,644,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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

	2025 £'000	2024 £'000
Purchases	616	314
Sales	115	44
	<b>731</b>	<b>358</b>



## 11. Debtors

	2025 £'000	2024 £'000
Amounts due from brokers	18	-
Net dividends and interest receivable	911	2,520
Other debtors	22	21
	<b>951</b>	<b>2,541</b>

## 12. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Amounts payable to brokers	35	-
Amounts payable in relation to share buybacks	427	583
Interest payable	347	427
Investment management fee payable	519	715
Sundry creditors	484	372
	<b>1,812</b>	<b>2,097</b>

	2025 £'000	2024 £'000
<b>Bank loan</b>		
Bank loan	40,000	40,000
Unamortised loan arrangement expenses	(9)	(36)
	<b>39,991</b>	<b>39,964</b>

On 2 November 2022, the Company entered into a three year revolving credit facility of £40 million (the "RCF") with The Royal Bank of Scotland International Limited, which was due to expire on 1 November 2025. The RCF had a further uncommitted accordion provision allowing the Company to request and increase, subject to lender's approval, of up to an additional £25 million. At 30 June 2025, £40 million was drawn down under the RCF at an interest rate of 5.76% (2024 – £40 million at a rate of 6.50%), which matured on 6 August 2025. Since the year end, the Company has replaced its loan facility with a new £40 million secured facility with Bank of America. The new facility is an 'evergreen' facility which will continue until such time as the Company or the lender provide notice of termination in accordance with the agreement. At the time of writing, the full amount of £40 million has been drawn down.

The RCF is shown in the Statement of Financial Position net of unamortised expenses of £9,000 (30 June 2024 – £36,000).

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

# Notes to the Financial Statements

## Continued

### 13. Called-up share capital

	2025		2024	
	Number	£'000	Number	£'000
<b>Authorised</b>	<b>150,000,000</b>	<b>37,500</b>	150,000,000	37,500
<b>Issued and fully paid:</b>				
Ordinary shares of 25p each	<b>61,783,713</b>	<b>15,446</b>	74,270,535	18,568
Held in treasury:	<b>42,380,709</b>	<b>10,595</b>	29,893,887	7,473
	<b>104,164,422</b>	<b>26,041</b>	104,164,422	26,041
	Ordinary shares Number	Treasury shares Number	Total Number	
Opening balance	<b>74,270,535</b>	29,893,887	104,164,422	
Share buybacks	<b>(12,486,822)</b>	12,486,822	-	
<b>Closing balance</b>	<b>61,783,713</b>	42,380,709	104,164,422	

During the year the Company repurchased 12,486,822 (2024 – 14,059,376) Ordinary shares to treasury at a cost of £62,614,000 (2024 – £60,496,000).

### 14. Capital reserve

	2025 £'000	2024 £'000
Opening balance	<b>203,375</b>	217,927
Unrealised (losses)/gains on investment holdings	<b>(16,157)</b>	44,142
Gains on realisation of investments at fair value	<b>27,669</b>	3,974
UK dividend income – capital	-	1,474
Management fee charged to capital	<b>(1,867)</b>	(2,113)
Finance costs charged to capital	<b>(1,832)</b>	(1,533)
Buyback of Ordinary shares into treasury	<b>(62,614)</b>	(60,496)
<b>Closing balance</b>	<b>148,574</b>	203,375

The capital reserve includes investment holding gains amounting to £76,854,000 (2024 – gains of £93,011,000) as disclosed in note 10 on page 88.

## 15. Net asset value per share

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

	2025	2024
Net assets attributable (£'000)	359,195	413,089
Number of Ordinary shares in issue at year end <sup>A</sup>	61,783,713	74,270,535
Net asset value per share	581.37p	556.19p

<sup>A</sup> Excluding shares held in treasury.

## 16. Financial instruments

The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions for the purpose of managing currency and market risks arising from the Company's activities. No such transactions took place during the year.

The main risks the Company faces from its financial instruments are i) market price risk (comprising interest rate risk, currency risk and other price risk), ii) liquidity risk and iii) credit risk. There was no material currency risk to the Company for the period given its investing and financing activities are in the UK.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year.

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

### Interest rate risk

Interest rate movements may affect:

- the level of income receivable on cash deposits and money market funds;
- interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

As at 30 June 2025, the Company had drawn down £40 million (2024 – £40 million) from the £40 million revolving credit facility with The Royal Bank of Scotland International Limited.

# Notes to the Financial Statements

## Continued

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

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
<b>As at 30 June 2025</b>				
<i>Assets</i>				
Investments in AAA-rated money market funds	-	4.38	-	16,213
Cash at bank and in hand	-	2.72	-	5
<b>Total assets</b>	-	-	-	16,218
<i>Liabilities</i>				
Bank loan	0.10	5.76	40,000	-
<b>Total liabilities</b>	-	-	40,000	-

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

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

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

All financial liabilities are measured at amortised cost.

**Interest rate sensitivity.** The sensitivity analyses below have been determined based on the exposure to interest rates at the year end date and with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Company's result for the year ended 30 June 2025 and net assets would increase by £162,000 (2024 – increase by £159,000). If interest rates had been 100 basis points lower and all other variables were held constant, the Company's result for the year ended 30 June 2025 and net assets would decrease by £162,000 (2024 – decrease by £159,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and money market funds.

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

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets and the stock selection process, as detailed on pages 31 to 33, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are mainly listed on the London Stock Exchange.

**Other price risk sensitivity.** If market prices at the year end date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary Shareholders for the year ended 30 June 2025 would have increased/decreased by £38,383,000 (2024 – increase/decrease of £43,669,000). This is based on the Company's equity portfolio held at each year end.

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

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

	Expected cash flows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
<b>As at 30 June 2025</b>				
Bank loan	40,581	40,581	-	-

	Expected cash flows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
<b>As at 30 June 2024</b>				
Bank loan	40,235	40,235	-	-

- iii) **Credit risk.** This is failure of the counter party to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.



# Notes to the Financial Statements

## Continued

The risk is not significant, and is managed as follows:

- investment transactions are carried out with a number of brokers, whose credit-standing is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a monthly basis. In addition, both stock and cash reconciliations to the Custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis.
- cash is held only with reputable banks with high quality external credit enhancements.

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

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

	2025		2024	
	Statement of Financial Position	Maximum exposure	Statement of Financial Position * Restated	Maximum exposure * Restated
Current assets	£'000	£'000	£'000	£'000
Debtors	18	18	–	–
Cash and cash equivalents	16,218	16,218	15,920	15,920
	16,236	16,236	15,920	15,920

\* Further details of the restatement can be found in note 23 on page 97.

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

## 17. Analysis of changes in net debt

	At 30 June 2024 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2025 £'000
Cash and cash equivalents	15,920	298	–	16,218
Debt due in less than one year	(39,964)	–	(27)	(39,991)
	(24,044)	298	(27)	(23,773)

	At 30 June 2023 * Restated	Cash flows * Restated	Non-cash movements	At 30 June 2024 * Restated
	£'000	£'000	£'000	£'000
Cash and cash equivalents	14,423	1,497	–	15,920
Debt due in less than one year	(24,938)	(15,000)	(26)	(39,964)
	(10,515)	(13,503)	(26)	(24,044)

\* Further details of the restatement can be found in note 23 on page 97.

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

## 18. Capital management

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

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

The Company's capital comprises the following:

	2025 £'000	2024 £'000
<b>Equity</b>		
Equity share capital	26,041	26,041
Reserves	333,154	387,048
<b>Liabilities</b>		
Bank loan	39,991	39,964
	399,186	453,053

# Notes to the Financial Statements

## Continued

The Company's net gearing comprises the following:

	2025 £'000	2024 * Restated £'000
Bank loans	(39,991)	(39,964)
Cash and cash equivalents	16,218	15,920
Amounts due from brokers	18	-
Amounts payable to brokers	(35)	-
<b>Net gearing (borrowings less cash and money market fund investments)</b>	<b>(23,790)</b>	<b>(24,044)</b>
<b>Net assets</b>	<b>359,195</b>	<b>413,089</b>
<b>Net gearing (%)</b>	<b>6.6</b>	<b>5.8</b>

\* Further details of the restatement can be found in note 23 on page 97.

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

- the planned level of gearing which takes account of the Investment Manager's views on the market;
- the level of equity shares;
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

The Company does not have any externally imposed capital requirements.

## 19. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

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

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

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

All of the Company's investments are in quoted equities (2024 - same) that are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments of £383,829,000 (2024 - £436,689,000) have therefore been deemed as Level 1.

The fair value of the £40 million revolving credit facility loan as at the 30 June 2025 is £40,000,000, due to it being short-term in nature, with a par value per Statement of Financial Position of £39,991,000. Under the fair value hierarchy in accordance with FRS 102, these borrowings can be classified at Level 2.

## 20. Transactions with the Manager

The Company has an agreement with abrdn Fund Managers Limited for the provision of management services. The management fee is calculated and payable quarterly in arrears at a rate of 0.60% per annum on the first £200 million of net assets and 0.55% on net assets above £200 million. Prior to 1 April 2025, the management fee was charged at 0.75% per annum on the first £175 million of net assets, 0.65% per annum on net assets between £175 million and £550 million and 0.55% on net assets above £550 million.

The Manager also receives a separate fee for the provision of promotional activities as disclosed in note 5 on page 85.

## 21. Related party transactions

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

## 22. Subsequent events

### Cancellation of Share Premium Account

Following shareholder approval at the General Meeting on 21 May 2025, the Company received court approval, by way of a court order dated 15 August 2025, for cancellation of the entire amount standing to the credit of the Share Premium Account. The court order was registered at Companies House on 20 August 2025 at which point cancellation of the entire amount standing to the credit of the Share Premium Account, being approximately £170 million, became effective. That amount has been credited to a special distributable reserve which is available to fund the cost of share buy backs and future dividend payments, if required. The Board believes that it is in the Company's interest to have this flexibility in its reserves, although the Board has no current intention of using the new reserve for dividend payments which it expects will continue to be resourced through annual net revenues and revenue reserves.

### Share Buybacks

Subsequent to the year end, a further 3,485,538 Ordinary shares were repurchased to be held in treasury at a cost of £18,425,000.

## 23. Prior year restatement

The Statement of Financial Position, the Statement of Cash Flows and note 16, 17 and 18 for the year ended 30 June 2024 have been restated to classify investments in AAA-rated money market funds as a cash and cash equivalent. This treatment was changed to align to the presentation in accordance with guidance provided in FRS 102.

Consequently, within the Statement of Financial Position for the year ended 30 June 2024, cash at bank and in hand of £293,000 and investments in AAA-rated money market funds of £15,627,000, which had previously been separately presented are now shown in aggregate as cash and cash equivalents in the amount of £15,920,000. In the Statement of Cash Flows for the year ended 30 June 2024, the opening and closing balances of cash and equivalents now include investments in AAA-rated money market funds as well as cash and bank and in hand, and purchases and sales of investments in AAA-rated money market funds have been excluded as they do not meet the definition of a long-term asset. As a result, "Net cash inflow from investing activities" and "Increase in cash and cash equivalents" have been increased by £1,498,000, being the movement in AAA-rated money market funds during the prior period. In the table for "Credit risk exposure" in note 16 for 2024, the table for "Analysis of net debt" in note 17 for 2024 and "Net gearing" in note 18, cash at bank and in hand of £293,000 and investments in AAA-rated money market funds of £15,627,000, which had previously been separately presented are now shown in aggregate as cash and cash equivalents in the amount of £15,920,000.

# Alternative Performance Measures

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

## Discount

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

	30 June 2025	30 June 2024
Share price	529.00p	486.50p
Net Asset Value per share	581.37p	556.19p
Discount	9.0%	12.5%

## Net gearing

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

	30 June 2025 £'000	30 June 2024 £'000
<b>Total borrowings<sup>A</sup></b>	<b>(39,991)</b>	<b>(39,964)</b>
Cash and short term deposits	5	293
Investments in AAA-rated money market funds	16,213	15,627
Amounts due from brokers	18	–
Amounts payable to brokers	(35)	–
<b>Total cash and money market fund investments<sup>B</sup></b>	<b>16,201</b>	<b>15,920</b>
<b>Net gearing (borrowings less cash and money market fund investments)<sup>C=A+B</sup></b>	<b>(23,790)</b>	<b>(24,044)</b>
<b>Shareholders' funds<sup>D</sup></b>	<b>359,195</b>	<b>413,089</b>
<b>Net gearing<sup>C/D</sup></b>	<b>6.6%</b>	<b>5.8%</b>



## Ongoing charges ratio

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC, which is defined as the total of investment management fees and recurring administrative expenses and expressed as a percentage of the average of published daily net asset values throughout the year.

	30 June 2025 £'000	30 June 2024 £'000
Investment management fee <sup>A</sup>	2,489	2,817
Administrative expenses <sup>B</sup>	781	876
Less: non-recurring charges <sup>C</sup>	(11)	(5)
<b>Ongoing charges</b>	<b>3,259</b>	<b>3,688</b>
<b>Average daily net assets</b>	<b>385,637</b>	<b>402,438</b>
<b>Ongoing charges ratio</b>	<b>0.85%</b>	<b>0.92%</b>

<sup>A</sup> See note 4 on page 84.

<sup>B</sup> See note 5 on page 85.

<sup>C</sup> Comprises professional fees not expected to recur.

The ongoing charges ratio differs from the other ongoing costs figure reported in the Company's Key Information Document calculated in line with the PRIIPs regulations, which includes the ongoing charges ratio and the financing and transaction costs.

## Total return

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

### NAV total return

Year ended 30 June 2025	2025	2024
Opening NAV	556.19p	482.95p
Closing NAV	581.37p	556.19p
Increase in NAV	25.18p	73.24p
% Increase in NAV	4.5%	15.2%
Uplift from reinvestment of dividends <sup>A</sup>	2.3%	2.9%
<b>NAV total return increase</b>	<b>6.8%</b>	<b>18.1%</b>

<sup>A</sup> The uplift from reinvestment of dividends assumes that the dividends of 8.3p in November 2024 and 3.7p in April 2025 (8.0p and 3.7p in 2023/24) paid by the Company were reinvested in the NAV of the Company on the ex-dividend date.

# Alternative Performance Measures

## Continued

### Share price total return

Year ended 30 June 2024	2025	2024
Opening share price	486.50p	414.00p
Closing share price	529.00p	486.50p
Increase in share price	42.50p	72.50p
% Increase in share price	8.7%	17.5%
Uplift from reinvestment of dividends <sup>A</sup>	2.7%	3.5%
Share price total return increase	11.4%	21.0%

<sup>A</sup> The uplift from reinvestment of dividends assumes that the dividends of 8.3p in November 2024 and 3.7p in April 2025 (8.0p and 3.7p in 2023/24) paid by the Company were reinvested in the shares of the Company on the ex-dividend date.



# Corporate Information

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

The investment management team is based in the Manager's Edinburgh office.



# Information about the Investment Manager

## Aberdeen Group

The Company's Investment Manager is abrdn Investment Management Limited which is a wholly-owned subsidiary of Aberdeen Group plc. The group's assets under management and administration were £517.6 billion as at 30 June 2025, managed for a range of clients including 12 UK-listed closed end investment companies.

## The Investment Team Senior Managers



### Abby Glennie

Deputy Head, Smaller Companies Team  
Lead Manager of the Company

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

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

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



### Amanda Yeaman

Investment Director, Smaller Companies Team  
Deputy Manager of the Company

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

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

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

# Investor Information

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

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

The AIFMD requires abrdn Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: [abrdnuksmallercompaniesgrowthtrust.co.uk](http://abrdnuksmallercompaniesgrowthtrust.co.uk). The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 111.

## Investor Warning: Be alert to share fraud and scams

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

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

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: [fca.org.uk/consumers/scams](http://fca.org.uk/consumers/scams)

## Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrar (see Contact Addresses). Changes of address must be notified to the Registrar in writing.

Any general queries about the Company should be directed to the Company Secretary in writing (see Contact Addresses) or by email to:

[cef.cosec@aberdeenplc.com](mailto:cef.cosec@aberdeenplc.com)

## How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser.

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

Investors can, using certain platforms, arrange to have dividends reinvested or establish regular savings to invest in the shares of the Company. This can also be done under the auspices of an ISA which (under current tax rules and depending on individual circumstances) provide tax efficiencies for private investors in the treatment of income and capital gains.

## Discretionary Private Client Stockbrokers

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

## Financial Advisers

To find an adviser who recommends on investment trusts, visit: [unbiased.co.uk](http://unbiased.co.uk)



# Investor Information

## Continued

### Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority at: [fca.org.uk/firms/financial-services-register](https://fca.org.uk/firms/financial-services-register)

### How to Attend and Vote at Company Meetings

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

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

For investors who hold their shares on a platform via a nominee, the Association of Investment Companies has provided helpful information on how to attend a general meeting and how to vote investment company shares held on some of the major platforms. This information can be found at: [theaic.co.uk/how-to-vote-your-shares](https://theaic.co.uk/how-to-vote-your-shares)

### Keeping You Informed

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

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

Details are also available at: [invtrusts.co.uk](https://invtrusts.co.uk)

**LinkedIn:** [aberdeen Investment Trusts](#)

**X:** [@aberdeenTrusts](#)

**Facebook:** [aberdeen Investment Trusts](#)

**YouTube:** [@aberdeenInvestmentTrusts](#)

### Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Company's website.

### Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking long-term capital growth by investment in UK-quoted smaller companies, and who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

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

# Glossary of Terms

## Aberdeen or Aberdeen Group

Aberdeen Group plc and its group of companies.

## AIC

The Association of Investment Companies.

## AIFMD

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

## Alternative Performance Measures or APMs

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

## Blue Sky Company

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

## Capital Return per Share

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

## Closed-End Fund

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

## Depository

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

## Discount

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

## Dividend Cover

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

## Dividend per Share

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

## Dividend Yield

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

## Earnings per Share or EPS

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

## FCA

Financial Conduct Authority.

## Gearing or Net Gearing

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

## Index

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

# Glossary of Terms

## Continued

### Investment Manager

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

### Investment Trust

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

### Key Information Document or KID

UK regulation previously required the Manager to make a KID available to retail investors prior to them making any investment decision. On 22 November 2024, new legislation came into force in the UK which meant that manufacturers, advisors and sellers of shares in a closed-ended investment company that is UK-listed are no longer required to produce the KID.

However, the Manager continues to publish a modified KID for the Company because a number of platforms/market participants still require prospective investors to confirm that they have read the KID prior to a buy order being placed. The modified KID is available via the Company's website. In addition to the KID, the Manager has developed a Statement of Operating Expenses which is incorporated into the Company's factsheet and can also be found on the Company's website.

### Leverage

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

### Manager, AIFM or aFML

abrdn Fund Managers Limited is a wholly-owned subsidiary of Aberdeen Group plc and acts as the Company's Alternative Investment Fund Manager. It is authorised and regulated by the FCA.

### Market Capitalisation

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

### Net Asset Value, NAV or Shareholders' Funds

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

### Ongoing Charges

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

### Pre-Investment Disclosure Document ("PIDD")

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

### Premium

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

### Price/Earnings Ratio

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

### Prior Charges

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

### Record Date

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

## Revenue Return Per Share

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

## Total Assets

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

## Total Return

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

# Share Capital History

## Issued Share Capital at 30 June 2025

61,783,713

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

## Treasury Shares at 30 June 2025

42,380,709

Ordinary shares

## Share Capital History

<b>Year ended 30 June 1994</b>	The Company's authorised share capital on incorporation was £15,000,000, divided into 60,000,000 Ordinary shares of 25p each. On 19 August 1993, 50,000,000 Ordinary shares (with one Warrant attached for every five Ordinary shares) were issued at £1 each. On 25 March 1994, the authorised share capital of the Company was increased to £75,000,000 by the creation of 50,000,000 limited Conversion ("C") shares of £1 each and 40,000,000 Ordinary shares of 25p each. On 28 March 1994, a further 21,428,000 'C' shares were issued at £1 each, at par. On 7 June 1994, the C shares of £1 each were converted into Ordinary shares, resulting in the issue of 19,436,770 Ordinary shares (with one Warrant for every five Ordinary shares).
<b>Year ended 30 June 2002</b>	2,200,000 Ordinary shares purchased for cancellation.
<b>Year ended 30 June 2007</b>	32,629,217 Ordinary shares purchased for cancellation and 117,791 Warrants cancelled following the tender offer which was approved by shareholders on 9 November 2006. 2,194,000 Ordinary shares purchased for cancellation.
<b>Year ended 30 June 2008</b>	559,175 Ordinary shares purchased to hold in treasury.
<b>Year ended 30 June 2009</b>	On 4 February 2009, as part of the merger with Gartmore Smaller Companies Trust plc ("Gartmore"), 31,189,825 Conversion ("C") shares issued to former Gartmore shareholders. On 14 April 2009, 27,545,948 of the C shares were converted into 26,273,612 Ordinary shares. On 11 June 2009, the remaining 3,643,877 C shares were converted into 3,687,639 Ordinary shares. 1,164,545 Warrants exercised as a result of the last exercise date of 30 September 2008, which resulted in the issue of the same number of new Ordinary shares. 1,732,965 Warrants lapsed without value.
<b>Year ended 30 June 2011</b>	3,670,243 Ordinary shares purchased to hold in treasury, 4,229,418 Ordinary shares sold from treasury and 825,000 new Ordinary shares issued. £25 million nominal of 3.5% Convertible Unsecured Loan Stock 2018 ("CULS") issued.
<b>Year ended 30 June 2012</b>	425,000 new Ordinary shares issued. 22,003 new Ordinary shares issued as a result of the first conversion of CULS as at 30 September 2011. 5,346 new Ordinary shares issued as a result of the second conversion of CULS as at 31 March 2012.
<b>Year ended 30 June 2013</b>	1,650,000 new Ordinary shares issued. 4,679 new Ordinary shares issued as a result of the third conversion of CULS as at 30 September 2012. 11,404 new Ordinary shares issued as a result of the fourth conversion of CULS as at 31 March 2013.
<b>Year ended 30 June 2014</b>	2,900,000 new Ordinary shares issued. 1,038,382 new Ordinary shares issued as a result of the fifth conversion of CULS as at 30 September 2013. 779,216 new Ordinary shares issued as a result of the sixth conversion of CULS as at 31 March 2014.
<b>Year ended 30 June 2015</b>	2,307,155 Ordinary shares purchased to hold in treasury. 243,589 new Ordinary shares issued as a result of the seventh conversion of CULS as at 30 September 2014. 98,580 Ordinary shares issued from treasury as a result of the eighth conversion of CULS as at 31 March 2015.



<b>Year ended 30 June 2016</b>	3,470,930 Ordinary shares purchased to hold in treasury following the tender offer which completed on 28 July 2015. 669,513 Ordinary shares issued from treasury as a result of the ninth conversion of CULS as at 30 September 2015. 803,871 Ordinary shares issued from treasury as a result of the tenth conversion of CULS as at 31 March 2016.
<b>Year ended 30 June 2017</b>	443,818 Ordinary shares purchased to hold in treasury. 378,514 Ordinary shares issued from treasury as a result of the eleventh conversion of CULS as at 30 September 2016. 895,583 Ordinary shares issued from treasury as a result of the twelfth conversion of CULS as at 31 March 2017.
<b>Year ended 30 June 2018</b>	927,892 Ordinary shares issued from treasury as a result of the thirteenth conversion of CULS as at 30 September 2017. 4,658,405 new Ordinary Shares issued as a result of the final conversion of CULS as at 31 March 2018.
<b>Year ended 30 June 2019</b>	27,878,842 new Ordinary shares issued as a result of the merger with Dunedin Smaller Companies Investment Trust PLC which completed on 8 October 2018. 1,131,061 Ordinary shares purchased to hold in treasury.
<b>Year ended 30 June 2020</b>	520,213 Ordinary shares purchased to hold in treasury.
<b>Year ended 30 June 2021</b>	1,382,632 Ordinary shares purchased to hold in treasury.
<b>Year ended 30 June 2022</b>	4,670,519 Ordinary shares purchased to hold in treasury.
<b>Year ended 30 June 2023</b>	5,682,136 Ordinary shares purchased to hold in treasury.
<b>Year ended 30 June 2024</b>	14,059,376 Ordinary shares purchased to hold in treasury.
<b>Year ended 30 June 2025</b>	12,486,822 Ordinary shares purchased to hold in treasury.

# Share Capital History

## Continued

### Share Capital History

Year ended 30 June	Ordinary shares bought back for cancellation	Ordinary shares bought back into treasury	Ordinary shares issued from treasury	Ordinary shares issued	Ordinary shares in issue (excluding treasury shares)	Convertible Unsecured Loan Stock issued (£)	Convertible Unsecured Loan Stock exercised (£)	Convertible Unsecured Loan Stock total (£)	Warrants exercised	Warrants bought back	Warrants lapsed	Total Warrants In issue
1994	-	-	-	-	69,436,770	-	-	-	-	-	-	13,886,996
1995	-	-	-	-	69,525,796	-	-	-	89,026	-	-	13,797,970
1996	-	-	-	-	69,527,676	-	-	-	1,880	-	-	13,796,090
1997	-	-	-	-	69,528,656	-	-	-	980	1,592,201	-	12,202,909
1998	-	-	-	-	69,529,717	-	-	-	1,061	6,075,144	-	6,126,704
1999	-	-	-	-	69,530,267	-	-	-	550	1,350,000	-	4,776,154
2000	-	-	-	-	69,543,990	-	-	-	13,723	1,671,143	-	3,091,288
2001	-	-	-	-	69,601,685	-	-	-	57,695	-	-	3,033,593
2002	2,200,000	-	-	-	67,403,646	-	-	-	1,961	-	-	3,031,632
2003	-	-	-	-	67,403,646	-	-	-	-	-	-	3,031,632
2004	-	-	-	-	67,403,646	-	-	-	-	-	-	3,031,632
2005	-	-	-	-	67,404,646	-	-	-	1,000	-	-	3,030,632
2006	-	-	-	-	67,404,746	-	-	-	100	-	-	3,030,532
2007	34,823,217	-	-	-	32,583,790	-	-	-	2,261	117,791	-	2,910,480
2008	-	559,175	-	-	32,037,585	-	-	-	12,970	-	-	2,897,510
2009	-	-	-	29,961,251	63,163,381	-	-	-	1,164,545	-	1,732,965	-
2010	-	-	-	-	63,163,381	-	-	-	-	-	-	-
2011	-	3,670,243	4,229,418	825,000	64,547,556	25,000,000	-	25,000,000	-	-	-	-
2012	-	-	-	452,349	64,999,905	-	64,929	24,935,071	-	-	-	-
2013	-	-	-	1,666,083	66,665,988	-	38,184	24,896,887	-	-	-	-
2014	-	-	-	4,717,598	71,383,586	-	4,312,437	20,584,450	-	-	-	-
2015	-	2,307,155	98,580	243,589	69,418,600	-	811,868	19,772,582	-	-	-	-
2016	-	3,470,930	1,473,384	-	67,421,054	-	3,495,770	16,276,812	-	-	-	-
2017	-	443,818	1,274,097	-	68,251,333	-	3,022,923	13,253,889	-	-	-	-
2018	-	-	927,892	4,658,405	73,837,630	-	13,253,889	-	-	-	-	-
2019	-	1,131,061	-	27,878,842	100,585,411	-	-	-	-	-	-	-
2020	-	520,213	-	-	100,065,198	-	-	-	-	-	-	-
2021	-	1,382,632	-	-	98,682,566	-	-	-	-	-	-	-
2022	-	4,670,519	-	-	94,012,047	-	-	-	-	-	-	-
2023	-	5,682,136	-	-	88,329,911	-	-	-	-	-	-	-
2024	-	14,059,376	-	-	74,270,535	-	-	-	-	-	-	-
2025	-	12,486,822	-	-	61,783,713	-	-	-	-	-	-	-

# AIFMD Disclosures (Unaudited)

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

There have been no material changes to the disclosures contained within the PIDD since its most recent update in September 2024.

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report, note 16 to the financial statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by aFML; and
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretary, abrdn Holdings Limited, on request, and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2024 are available on the Company's website.

## Leverage

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

	Gross Method	Commitment Method
Maximum level of leverage	3.00:1	2.00:1
Actual level at 30 June 2025	1.18:1	1.23:1

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

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

A hand holding a silver pen is positioned over a white calculator. In the background, there are financial documents, including one with a bar chart and another with a table of data. The scene is set on a light-colored desk.

# General

The Annual General Meeting will be held at 18 Bishops Square, London E1 6EG on Thursday 20 November 2025 at 12 noon.

The Company will also be hosting an online shareholder presentation, which will be held at 11.00am on Wednesday 22 October 2025. Full details on how to register for the online event can be found on the Company's website.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of abrdn UK Smaller Companies Growth Trust plc will be held at 18 Bishops Square, London E1 6EG on Thursday 20 November 2025 at 12 noon for the following purposes:

## Ordinary Business

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

1. To receive and adopt the Directors' Report and audited financial statements of the Company for the financial year ended 30 June 2025, together with the Independent Auditor's report thereon.
2. To receive and approve the Directors' Remuneration Report for the financial year ended 30 June 2025 which appears on pages 59 to 62 of the Annual Report and Accounts for the financial year ended 30 June 2025 (other than the Directors' Remuneration Policy which appears on pages 59 to 60 of the Annual Report and Accounts).
3. To approve a final dividend for the financial year ended 30 June 2025 of 9.50 pence per Ordinary share.
4. To re-elect Manju Malhotra as a Director of the Company.
5. To re-elect Ashton Bradbury as a Director of the Company.
6. To re-elect Alexa Henderson as a Director of the Company.
7. To re-elect Tim Scholefield as a Director of the Company.
8. To re-elect Liz Airey as a Director of the Company.
9. To re-appoint Johnston Carmichael LLP as Independent Auditor of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
10. To authorise the Directors to fix the remuneration of the Independent Auditor for the financial year to 30 June 2026.
11. **Authority to allot shares**

That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") provided that such authority shall be limited to the allotment of shares and the grant of Rights in respect of shares with an aggregate nominal value of up to £1,457,454 (representing 10% of the Company's total issued share capital (excluding treasury shares) as at 3 September 2025), generally from time to time on such terms as the Directors may determine, such authority to expire at the conclusion of the next Annual General Meeting of the Company held after the passing of this resolution or on the expiry of 15 months from the date of passing of this resolution, whichever is the earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after the expiry of such authority and the Directors shall be entitled to allot shares or grant Rights in pursuance of such an offer or agreement as if such authority had not expired.



# Notice of Annual General Meeting

## Continued

### 12. Disapplication of pre-emption rights

That, subject to the passing of Resolution 11 set out in the notice of the 2025 annual general meeting (Resolution 11), and in substitution for any existing power but without prejudice to the exercise of any such power prior to the passing of this resolution, the Directors of the Company be and they are hereby generally and unconditionally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act"), to allot, or make offers or agreements to allot, equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by Resolution 11, and/or by way of a sale of treasury shares for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power:

- a) expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the date of passing of this resolution, whichever is the earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting save that the Company may, at any time prior to the expiry of this authority, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold out of treasury after such expiry and the Directors may allot or sell out of treasury equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and
- b) shall be limited to the allotment of equity securities and the sale of treasury shares up to an aggregate nominal amount of £1,457,454 (representing 10% of the Company's total issued share capital (excluding treasury shares) as at 3 September 2025).

This power shall apply in relation to the sale of equity securities for cash out of treasury as if in the opening paragraph of this resolution the words "subject to the passing of Resolution 11 set out in the notice of the 2025 annual general meeting (Resolution 11), and" were omitted.

### 13. Authority to make market purchases of shares

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

- a) the maximum aggregate number of Shares hereby authorised to be purchased is 8,738,896, or, if less, the number representing 14.99% of the issued ordinary share capital of the Company (excluding treasury shares) immediately prior to the passing of this resolution;
- b) the minimum price (exclusive of expenses) which may be paid for each Share purchased pursuant to this authority shall be 25p (being the nominal value of a share);
- c) the maximum price (exclusive of expenses) which may be paid for a Share purchased pursuant to this authority is the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for a Share over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade of a Share and the highest current independent bid for such a Share on the London Stock Exchange at the time the purchase is carried out; and
- d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the date of passing of this resolution, whichever is earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of this authority, enter into a contract to purchase Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

## Special Business

As special business, to consider and, if thought fit, pass Resolutions 14 to 16 as special resolutions:

### 14. Tender offers

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

- a) the maximum number of Shares hereby authorised to be purchased pursuant to one or more tender offer(s) is 5,829,817, or, if less, the number representing 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of this resolution;
- b) the price which shall be paid for a Share pursuant to any such tender offer made by the Company under the authority conferred hereby shall be an amount equal to 98% of realisation value of all the assets attributable to the Shares tendered as at the latest practicable time before such tender offer; and
- c) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the date of passing of this resolution, whichever is earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting save that the Company may, prior to such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

### 15. Notice of general meeting

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

### 16. Change of Company name

That the change of name of the Company to "Aberdeen UK Smaller Companies Growth Trust plc" be approved.

#### By order of the Board

#### abrdrn Holdings Limited

Company Secretary

1 George Street

Edinburgh EH2 2LL

3 September 2025

#### Registered Office

1 George Street

Edinburgh EH2 2LL

# Notice of Annual General Meeting

## Continued

### Notes

- i. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her or on his/her behalf at the meeting. A proxy need not be a shareholder. The shareholder may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the chairman of the meeting) and give instructions directly to them. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should, or if you would like to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC on 0370 889 4076. In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
- ii. To be valid, the appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority, if any, under which it is signed or authenticated, should be sent to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting.
- iii. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at close of business on 18 November 2025 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of Ordinary shares registered in their name at that time. In each case, changes to entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- iv. Any shareholder holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the meeting as his or her proxy will need to ensure that both he or she and his/her proxy(ies) comply with their respective disclosure obligations under the FCA's Disclosure Guidance and Transparency Rules.
- v. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual and/or by logging in to the website [www.euroclear.com/CREST](http://www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- vi. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 12 noon on 18 November 2025 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- vii. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- viii. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- ix. A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes i and ii above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.
- x. The terms of appointment of the Directors of the Company are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the registered office of the Company and will, on the date of the meeting, be available for inspection at the venue of the meeting from 15 minutes before the meeting until the conclusion of the meeting.
- xi. Shareholders are advised that, unless otherwise stated, any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form or form of direction) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.
- xii. Following the meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and placed on the Company's website: **[www.abrdnuksmallercompaniesgrowthtrust.co.uk](http://www.abrdnuksmallercompaniesgrowthtrust.co.uk)**
- xiii. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Independent Auditor's report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company will be required to do so once it has received such requests either from members representing at least 5% of the voting rights of the Company or from at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address and be sent to the Company's registered office. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006.
- xiv. As at 6.00pm on 3 September 2025 (being the last practicable date prior to publication of this notice) the Company's issued share capital comprised 58,298,175 Ordinary shares of 25p each and 45,866,247 Ordinary shares held in treasury. Each Ordinary share (other than any Ordinary shares held in treasury) carries the right to one vote at a general meeting of the Company. Accordingly, the total number of voting rights in the Company as at 3 September 2025 was 58,298,175.
- xv. If you wish to attend the meeting in person, there will be a Members' register for you to sign on arrival.
- xvi. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
  - d) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - e) the answer has already been given on a website in the form of an answer to a question; or
  - f) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- xvii. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website: **[www.abrdnuksmallercompaniesgrowthtrust.co.uk](http://www.abrdnuksmallercompaniesgrowthtrust.co.uk)**

# Notice of Annual General Meeting

## Continued

- xviii. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note xx below, may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) the resolution must not be defamatory of any person, frivolous or vexatious; and (iii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than six weeks before the meeting to which the requests relate.
- xix. Under section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note xx below, may, subject to certain conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) the matter of business must not be defamatory of any person, frivolous or vexatious; and (ii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (c) must be accompanied by a statement setting out the grounds for the request; (d) must be authenticated by the person or persons making it; and (e) must be received by the Company not later than six weeks before the meeting to which the requests relate.
- xx. In order to be able to exercise the members' right to require: (i) circulation of a resolution to be proposed at the meeting (see note xviii); or (ii) a matter of business to be dealt with at the meeting (see note xix), the relevant request must be made by: (a) a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or (b) at least 100 members having a right to vote at the meeting and holding shares in the Company on which there has been paid up an average sum, per member, of at least £100.







# Contact Addresses

## Directors

Liz Airey (Chair)  
Ashton Bradbury  
Alexa Henderson  
Manju Malhotra  
Tim Scholefield

## Registered Office and Company Secretary

abrdn Holdings Limited  
1 George Street  
Edinburgh EH2 2LL

Email: [cef.cosec@aberdeennplc.com](mailto:cef.cosec@aberdeennplc.com)

## Alternative Investment Fund Manager

abrdn Fund Managers Limited  
1 George Street  
Edinburgh EH2 2LL

## Investment Manager

abrdn Investment Management Limited  
1 George Street  
Edinburgh EH2 2LL

## Company Registration Number

SC145455 (Scotland)

## Legal Entity Identifier ("LEI")

213800UUKA68SHSJBE37

## Website

[abrdnuksmallercompaniesgrowthtrust.co.uk](http://abrdnuksmallercompaniesgrowthtrust.co.uk)

## Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ

Telephone: **0370 889 4076**

Website: [investorcentre.co.uk](http://investorcentre.co.uk)

## Depository

BNP Paribas SA, London Branch  
10 Harewood Avenue  
London NW1 6AA

## Stockbroker

Winterflood Investment Trusts  
Riverbank House  
2 Swan Lane  
London EC4R 3GA

## Independent Auditor

Johnston Carmichael LLP  
First Floor  
227 West George Street  
Glasgow G2 2ND





For more information visit [abrdnuksmallercompaniesgrowthtrust.co.uk](http://abrdnuksmallercompaniesgrowthtrust.co.uk)

[aberdeeninvestments.com](http://aberdeeninvestments.com)