

# Standard Life European Private Equity Trust PLC

Report and Accounts  
for the year ended 30 September 2014



Managed by

**SL Capital Partners**

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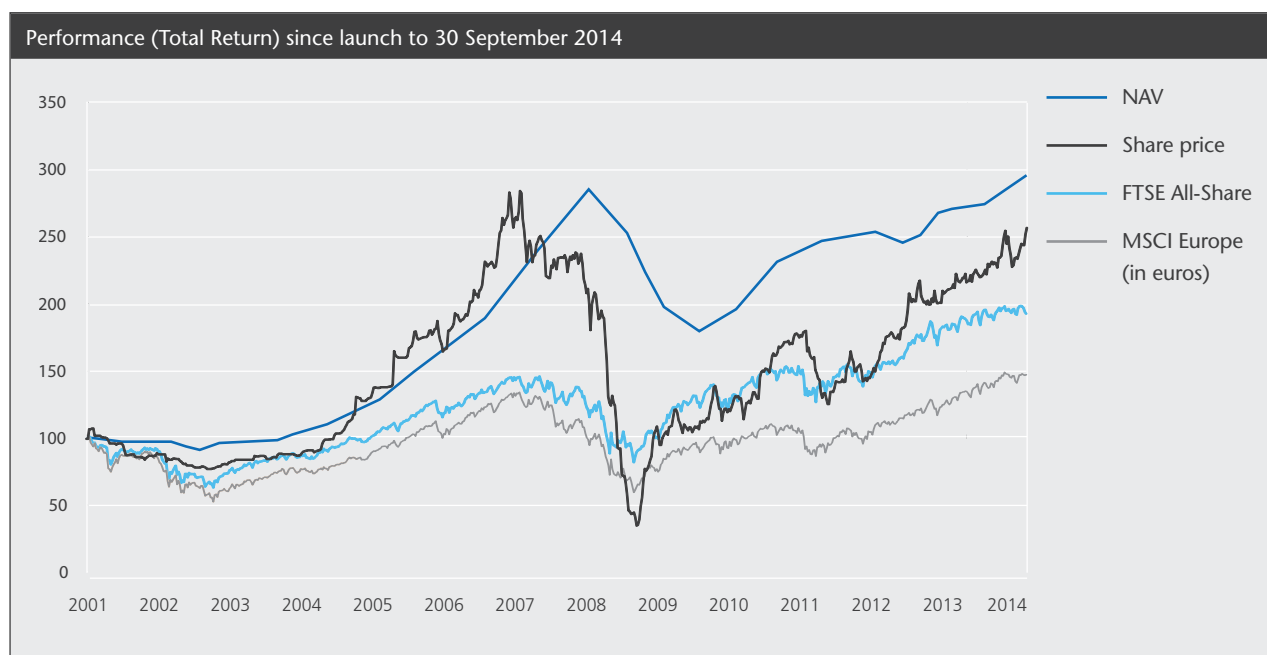
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To achieve long-term capital gains through holding a diversified portfolio of private equity funds investing predominantly in Europe.

## Company Summary

<b>Investment policy</b>	Full details of the Company's investment policy can be found on page 17.
<b>Investment manager</b>	SL Capital Partners LLP ("the Manager")
<b>Shareholders' funds</b>	£409.1 million at 30 September 2014
<b>Market capitalisation</b>	£365.5 million at 30 September 2014
<b>Capital structure at 30 September 2014</b>	<b>158,922,294 ordinary shares of 0.2p each</b> 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.
<b>Management and incentive fees</b>	The base management fee is 0.8% per annum of the net assets of the Company. In addition, there is an incentive fee payable, which is calculated on the basis of 10% of the growth in the diluted net asset value total return in excess of an annualised 8% hurdle rate, measured over the five year period ending 30 September 2016 (more details are provided on pages 19 and 43). The notice period is twelve months.
<b>ISA status</b>	The Company's ordinary shares are eligible for Individual Savings Accounts (ISAs).
<b>AIC membership</b>	The Company is a member of The Association of Investment Companies.

# Financial Summary



Performance (Capital Only)	At 30 September 2014	At 30 September 2013	% Change
Net asset value per ordinary share ("NAV") (diluted)	257.4p	243.4p	5.8
Share price	230.0p	198.0p	16.2
FTSE All-Share Index <sup>(1)</sup>	3,533.9	3,443.9	2.6
MSCI Europe Index (in euros) <sup>(1)</sup>	117.2	106.2	10.4
Discount (difference between share price and diluted net asset value)	10.6%	18.6%	

Performance (Total Return) <sup>(2)</sup>	1 year %	Annualised 5 year %	Annualised since launch % <sup>(3)</sup>
Share price	19.1	16.6	7.6
NAV (diluted)	7.7	10.2	8.3
FTSE All-Share Index <sup>(1)</sup>	6.1	9.7	5.2
MSCI Europe Index (in euros) <sup>(1)</sup>	14.0	10.7	3.0

High/low for the year ended 30 September 2014	High	Low
Share price (mid)	230.0p	195.0p

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

<sup>(2)</sup> Includes dividends reinvested.

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

# Ten Year Historical Record

## Summary financial information

NAV and share price	Net assets £m	NAV (undiluted) p	NAV (diluted) p	Share price p	Premium/ (discount) to diluted NAV %
At 30 September 2005	228.3	143.5	143.5	156.25	8.9
At 30 September 2006	289.8	182.1	179.6	183.50	2.1
At 30 September 2007	385.7	241.3	237.7	226.50	(4.7)
At 30 September 2008	375.5	234.8	231.4	161.00	(30.4)
At 30 September 2009	265.6	164.9	163.4	112.25	(31.3)
At 30 September 2010	315.2	195.3	193.3	113.75	(41.2)
At 30 September 2011	369.4	228.7	225.9	134.00	(40.7)
At 30 September 2012	369.7	227.6	224.9	162.38	(27.8)
At 30 September 2013	401.2	244.2	243.4	198.00	(18.6)
At 30 September 2014	409.1	257.4	257.4	230.00	(10.6)

Performance and dividends	NAV total return %	Share price total return <sup>1</sup> %	Dividend paid <sup>2</sup> £m	Dividend paid per ordinary share p	Expense ratio <sup>3</sup> %
Year to 30 September 2005	36.9	67.3	1.9	1.20	1.01
Year to 30 September 2006	26.6	18.7	2.9	1.80	1.01
Year to 30 September 2007	35.4	24.8	3.8	2.40	0.97
Year to 30 September 2008	(1.3)	(27.8)	5.6	3.50	0.94
Year to 30 September 2009	(29.2)	(29.5)	0.6	0.70	0.92
Year to 30 September 2010	18.4	1.4	0.1	0.10	1.02
Year to 30 September 2011	17.0	18.0	0.2	0.20	1.02
Year to 30 September 2012	0.1	22.4	1.0	1.30	0.97
Year to 30 September 2013	9.1	23.4	1.3	2.00	0.99
Year to 30 September 2014	7.7	19.1	8.2	5.00	0.96

<sup>1</sup> Data supplied by Fundamental Data.

<sup>2</sup> Represents the cash dividend paid during the year, declared in the previous financial year.

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

Investment exposure	Fund manager as a % of net assets		Top 10 %	Fund investments as a % of net assets	
	Top 5 %	Top 10 %		Top 20 %	Top 30 %
At 30 September 2005	44.9	75.5	60.7	78.3	81.4
At 30 September 2006	40.9	67.4	50.3	74.0	81.4
At 30 September 2007	41.0	66.5	42.5	64.8	80.4
At 30 September 2008	54.5	84.6	55.1	84.0	102.4
At 30 September 2009	55.5	87.2	61.1	93.8	109.0
At 30 September 2010	62.1	96.4	67.9	101.0	116.2
At 30 September 2011	57.9	89.1	69.0	95.4	106.8
At 30 September 2012	51.2	80.2	63.5	87.4	97.9
At 30 September 2013	44.9	68.4	51.7	76.5	86.8
At 30 September 2014	43.2	65.0	52.9	74.0	82.7

# Chairman's Statement



Edmond Warner, OBE

## Results and performance

The last year has seen the Company benefit from a stronger mergers and acquisitions market in Europe, with increased exit activity and, more recently, a pick-up in new investment. This has been against a background of volatile listed financial markets, due to geo-political considerations and concerns about the strength of the European and global macro-economic recovery. For the year ended 30 September 2014 the Company's NAV rose by 5.8% to 257.4p, from 243.4p at 30 September 2013. Including the dividend paid in January 2014, the NAV total return to shareholders was 7.7%. At 30 September 2014 the Company's net assets were £409.1 million (30 September 2013 – £401.2 million).

The closing mid-market price of the Company's ordinary shares on 30 September 2014 was 230.0p, a rise of 16.2% over the year and a discount of 10.6% to NAV. The discount narrowed during the year, along with most of the Company's peer group, from 18.6% at 30 September 2013.

Since listing in 2001, the Board's strategy has been one of reinvestment and to pay a dividend marginally in excess of the minimum required to maintain investment trust status. The Board has reviewed this strategy and has decided to modify its approach to reflect better the importance many shareholders place on the reliability of income. This should also be seen in the context of the Board's overall approach to capital discipline. Henceforth, barring unforeseen circumstances that may arise and the impact of the broader market cycle on income received, it is the Board's intention to maintain, at least, the real value of this year's proposed 5.0p final dividend. The strength of the Company's balance sheet, not least its level of reserves, will be used as appropriate to support this modified strategy.

Subject to shareholder approval at the forthcoming Annual General Meeting, this year's proposed final dividend of 5.0p will be paid on 30 January 2015 to shareholders on the Company's share register at 9 January 2015.

Private equity is a long-term asset class and should be viewed over equivalent time periods. Over the last ten years the Company's NAV and share price, both on an annualised total return basis, rose by 10.2% and 10.5% respectively, while the FTSE All-Share Index and the MSCI Europe Index (in euros), on a similar total return basis, were up 8.2% and 7.1% respectively.

## Investment activity

The last year saw a broadly similar number and value of new private equity investments completed in Europe compared to the prior year. The volume and value of all new buy-out transactions completed in the European private equity market during the year ended 30 September 2014 was 475 transactions and €73.6 billion (year ended 30 September 2013 – 437 and €75.1 billion respectively). Private equity managers are reporting a strengthening new deal pipeline, set against a background of growing mergers and acquisitions activity in Europe. The exit environment for private equity backed companies is robust, with corporates and private equity managers active buyers, alongside IPO new issuance.

During the year the Company witnessed an increase in cashflows to and from its portfolio. The Company received distributions from its fund interests of £101.8 million and paid £47.8 million in draw downs (year ended 30 September 2013 – distributions of £69.3 million and draw downs of £37.6 million). The distributions received by the Company generated net realised gains and income of £50.7 million, equivalent to an average return on the acquisition cost of the realised investments of 2.0 times (year ended 30 September 2013 – 2.2 times).

The Company remains flexible in the use of its capital resources and the Manager continues to take advantage of opportunities in the secondary market for European private equity fund interests. The Company acquired an original commitment of €20.0 million to 3i Eurofund V in December 2013. The fund interest was acquired at a 2.5% discount to the 30 June 2013 valuation of the fund, adjusted for subsequent cashflows. The purchase price for the fund interest was £8.2 million and the Company assumed outstanding commitments of £0.7 million. The Company already held an existing original commitment of €40.0 million to 3i Eurofund V. The Company also acquired an original commitment of €6.0 million to IK VII in March 2014. The fund interest was acquired at 100% of the 30 September 2013 valuation of the fund, adjusted for subsequent cashflows. The purchase price for the fund interest was £1.0 million and the Company assumed outstanding commitments of £3.9 million. The Company already held an existing original commitment of €30.0 million to IK VII. The Manager continues to believe that the private equity secondary market can provide the Company with the opportunity to enhance returns from its portfolio.

# Chairman's Statement

During the year the Company acquired a total of 6.275 million ordinary shares through a series of share buy-back transactions for £12.5 million. The ordinary shares were acquired at an average price of 199.0p and at an average discount to the prevailing NAV of 18.9%, resulting in a gain of £2.9 million. The ordinary shares acquired have been cancelled.

After taking account of the above transactions, management fees, dividends and costs, the Company was £18.3 million cashflow positive during the year. At 30 September 2014 the Company had a cash balance, including holdings in money market funds, of £21.6 million and had £39.2 million invested at value (£39.0 million at cost) in UK and European equity index tracker funds. The Company continues to have an undrawn £80 million syndicated revolving credit facility led by The Royal Bank of Scotland plc that expires in December 2016.

In light of the Company's strong liquidity and the quantum of outstanding commitments that the Manager expects to be drawn down over time, the Company made three new fund commitments during the year. These were commitments of €30.0 million to Nordic Capital VIII, €30.0 million to Permira V and €55.0 million to Altor Fund IV. The Company had £214.4 million of outstanding commitments at 30 September 2014. After undertaking a detailed review, the Manager now believes that up to £50 million of the Company's existing outstanding commitments are unlikely to be drawn (previously – £45 million).

## Valuation

At 30 September 2014 the Company's portfolio comprised 43 private equity fund interests. The value of this portfolio was £348.5 million, of which net unrealised losses arising during the year were £16.0 million.

Unrealised gains on a constant exchange rate basis were £6.4 million. 94.6% by value of the portfolio was valued by the relevant fund manager at 30 September 2014. In undertaking the valuations the fund managers followed the International Private Equity and Venture Capital Valuation Guidelines. In so doing, the principal valuation methodology is to use listed comparable valuation multiples.

Negative foreign exchange movements, which principally arose from the 7.3% depreciation in the euro relative to sterling during the year, were £22.4 million. Accordingly, the depreciation in the euro had a material impact on the Company's otherwise strong NAV performance.

## Recent activity

During the period from 30 September 2014 to 4 December 2014 the Company funded £5.2 million of draw downs and received £10.0 million of distributions. The Company also agreed to acquire fund interests in Advent Global Private Equity VI and Cinven Fourth Fund for £19.4 million in aggregate and sold its fund interest in Apax Europe VII for £21.8 million.

The interest in Apax Europe VII was valued at 30 September 2014 at the sale proceeds received. In addition, the Company made a new commitment of €35.0 million to PAI Europe VI. Finally, the Company acquired a total of 1.245 million ordinary shares through two share buy-back transactions for £2.8 million. The ordinary shares acquired have been cancelled.

At 4 December 2014 the Company had a cash balance, including holdings in money market funds, of £44.9 million and had £40.4 million at value (£39.0 million at cost) invested in UK and European equity index tracker funds. At 4 December 2014 the Company had outstanding commitments of £236.1 million.

## Alternative Investment Fund Managers Directive ("AIFMD" or "the Directive")

The Company is required to comply with the European Union AIFMD. The Directive requires the Company to appoint an Alternative Investment Manager ("AIFM") to be responsible for portfolio and risk management and to be regulated under the Directive. The Board has appointed the Manager, SL Capital Partners LLP, as the AIFM. The Financial Conduct Authority permitted SL Capital Partners LLP to act as the AIFM to the Company with effect from 1 July 2014.

The Directive also requires the Company to appoint a depositary and the Board appointed BNP Paribas Securities Services S.A. to fulfil this function with effect from 1 July 2014.

## Board

In May the Board was pleased to welcome Alan Devine as a director of the Company. Alan has spent his entire career working for The Royal Bank of Scotland Group in a variety of senior roles and he is currently CEO of RBS Shipping Group. Alan brings significant experience of the banking market, which the Board believes will be invaluable in its deliberations.

## Outlook

The Board and the Manager have noted the slow down in economic activity and the weakening in sentiment in continental Europe over the last few months. After a strong increase in corporate earnings at many underlying portfolio companies up until summer 2014, it is anticipated that the rate of earnings growth may slow, but remain positive. Draw down and distribution activity remain healthy and, given the maturity of the Company's portfolio and the quantum of exit activity being undertaken by private equity managers, the portfolio is expected to continue to generate strong cash flow.

Edmond Warner, OBE  
Chairman

5 December 2014

## The Manager

# SL Capital Partners

The Manager, SL Capital Partners LLP (“SL Capital”), is headquartered in Edinburgh, United Kingdom and comprises a team of 23 investment professionals with 297 years of combined relevant private equity and investment experience. The Manager has raised approximately £6.7 billion of private equity funds on behalf of over 190 clients worldwide.

SL Capital is a limited liability partnership and is 60% owned by Standard Life plc (“Standard Life”) and 40% by seven executive partners. SL Capital has acted as Manager to the Company since its inception in 2001.

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

In addition to its Edinburgh investment office, the Manager has investment professionals based in Boston, United States. This team selects and oversees private equity investments in North America.

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

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

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

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



During the year to 30 September 2014 the Company funded £47.8 million of draw downs and received £101.8 million of distributions.

The Company also acquired £13.8 million of exposure to two funds through the secondary market.

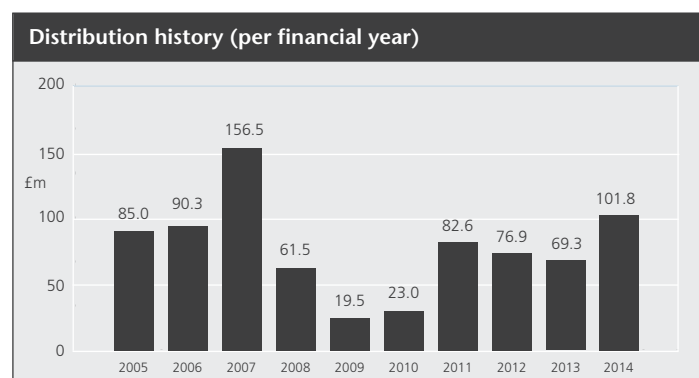
## Draw downs

As reported above, the Company funded £47.8 million of draw downs during the financial year. This figure is above the prior year and marginally below historical levels. The uplift reflected a modest increase in the quantum of outstanding commitments, together with rising new investment activity in the European private equity market. The Manager expects the quantum of draw downs to continue at a similar pace during the remainder of 2014 before increasing in 2015, as a result of the new fund commitments made over the past year and as macro-economic uncertainty hopefully reduces. This also reflects the fact that many of the underlying managers are reporting strengthening deal pipelines. The private equity funds to which the Company funded the five largest draw downs during the year are set out in the table below.

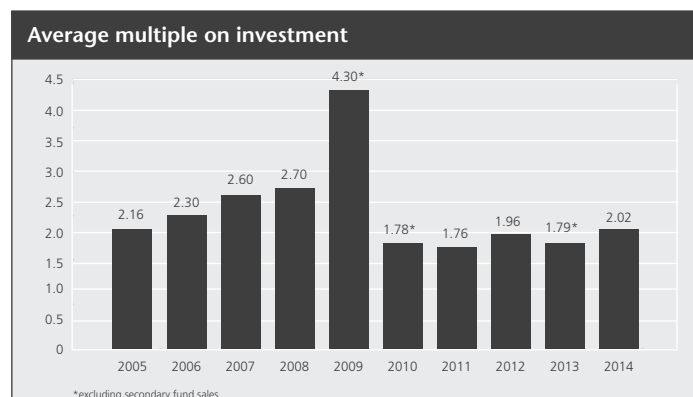
5 Largest fund draw downs during the year	Type of fund	Aggregate draw downs £m
Permira V	Buy-out	7.1
Nordic Capital VIII	Buy-out	7.0
Equistone Partners Europe Fund IV	Buy-out	6.1
Advent Global Private VII	Buy-out	5.4
Montagu IV	Buy-out	4.7
<b>Total of 5 largest draw downs</b>		<b>30.3</b>
<b>Total of all draw downs during the year</b>		<b>47.8</b>

## Distributions, gains and income

During the year the Company's portfolio of private equity fund interests generated aggregate distributions of £101.8 million, including net realised gains of £39.6 million and income of £11.1 million. The quantum of distributions received reflected a stronger background for European private equity exits and it is encouraging to note that nearly all of the individual company realisations were at a premium to the last independent valuation. The Manager expects the Company to receive meaningful distributions during the remainder of 2014 and into 2015, helped by the maturity of the Company's underlying portfolio.



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



As shown in the bar chart above, the average return during the year on the Company's acquisition cost of realised investments was 2.02 times. The rise in the average return multiple between 2003 and 2009 can be attributed largely to the previous strength of the European private equity, debt and mergers and acquisitions markets and historic profit growth at underlying investee companies. The weaker macro-economic environment over the past few years has resulted in a reduction in the average return for realised investments, in particular for investments made during 2006 and 2007, at generally higher prices and leverage ratios. However, the macro-economic environment in certain geographies appears to be relatively benign and a number of funds are reporting strong exits at a premium to holding values.

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

5 Largest fund distributions during the year	Aggregate distributions £m	Aggregate realised gains £m	Aggregate income received £m
Industry Kapital 2007	13.3	4.5	1.0
Advent Global Private Equity V	7.9	5.9	—
Coller International Partners V	7.2	—	—
Equistone Partners Europe Fund III	6.4	3.4	0.7
HgCapital 5	6.4	3.5	1.8
<b>Total of 5 largest distributions</b>	<b>41.2</b>	<b>17.3</b>	<b>3.5</b>
<b>Total of all distributions during the year</b>	<b>101.8</b>	<b>39.6</b>	<b>11.1</b>

# Investment Activity

## Secondary activity

The private equity secondary market has continued to develop in terms of size and sophistication, with an estimated \$27.5 billion of transactions completed during 2013 and the figure for 2014 is expected to show a further increase. In this environment, the Manager's strategy has been to top up existing exposures to certain funds and to back fill the portfolio with particular managers or vintages through opportunistic secondaries. In the last year this has included acquiring further positions in 3i Eurofund V and IK VII, adding £13.8 million of further exposure to these two funds. In addition, since the year end, the Company has agreed to acquire secondary interests in Advent Global Private Equity VI and Cinven Fourth Fund, which involves acquiring in aggregate £20.8 million of additional exposure. The Company has also taken advantage of strong market pricing for certain large buyout funds to rebalance its portfolio and has sold, since the year end, its interest in Apax Europe VII, realising proceeds of £21.8 million.

## Commitments

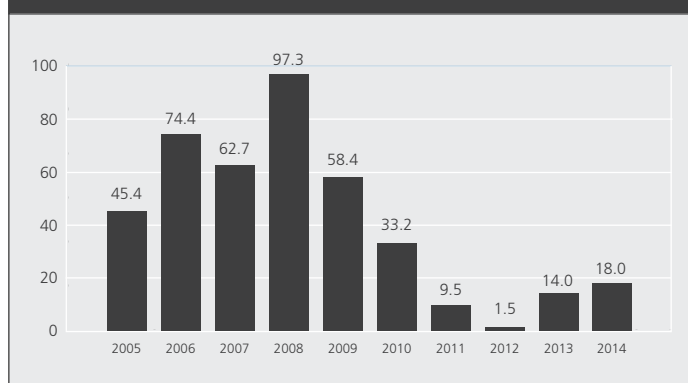
The Company made three new fund commitments during the year, with a €30 million commitment to Nordic Capital VIII, a €30 million commitment to Permira V and a €55 million commitment to Altor Fund IV. The Manager anticipates following a prudent schedule of new commitments over the remainder of 2014 and into 2015. These are likely to comprise primary fund commitments and secondary transactions, with the quantum dictated by the Company's cashflows and the broader market environment.

At 30 September 2014 the Company had £214.4 million of outstanding fund commitments, up from £178.5 million at 30 September 2013. The increase is the net result of the Company having made three new fund commitments totalling £94.2 million, having funded £47.8 million of draw downs and the impact of unrealised foreign exchange movements. Since the year end, the Company has made a €35 million commitment to PAI Europe VI.

	New/ (reduced) commitments £m	Draw downs £m	Closing outstanding commitments £m
Year to 30 September 2014	96.1	47.8	214.4
Year to 30 September 2013	80.7	37.6	178.5
Year to 30 September 2012	53.9	40.1	129.0
Year to 30 September 2011	26.5	49.6	126.4
Year to 30 September 2010	(16.7)	48.0	150.3
Year to 30 September 2009	(169.7)	48.3	227.8
Year to 30 September 2008	138.1	155.2	389.2
Year to 30 September 2007	191.7	137.6	366.0
Year to 30 September 2006	200.5	75.3	307.7
Year to 30 September 2005	148.7	59.1	184.8

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

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



Over the past seven years the Company's outstanding fund commitments less its available liquid resources (including any undrawn debt facility), expressed as a percentage of the Company's disclosed net asset value, has varied between 97.3% and 1.5%. The bar chart above shows the relevant percentages at each annual reporting date, from 30 September 2005 to 30 September 2014. The percentage has varied over time according to *inter alia* the quantum of available liquid resources held by the Company, the rate of draw downs made and distributions received and, importantly, the fund raising cycle of the leading private equity managers in Europe.

The outstanding fund commitments less available liquid resources, expressed as a percentage of the Company's disclosed net asset value at 30 September 2014 was 18.0%. This remains below the long-term target range of 30-75%, however, the Manager anticipates that it will gradually increase over the next few years as further new fund commitments are made. Notwithstanding, the Manager remains mindful of market conditions and the Company's projected cashflows and will consider carefully the making and timing of any new fund commitments. In addition, following a review of the Company's investment strategy, more emphasis has been placed on buying secondary fund interests which can be used to increase the Company's exposure to attractive funds without adding significantly to outstanding commitments.

## Liquidity management

At 30 September 2014 the Company held £39.2 million (£39.0 million at cost) in UK and European equity index tracker funds. This follows the widening of the Company's investment policy in early 2014 to allow investment in listed equities in order to ensure that cash awaiting investment in private equity funds does not constitute a significant drag on overall performance. It is not intended that listed equity investment becomes a core long-term constituent of the Company's portfolio.

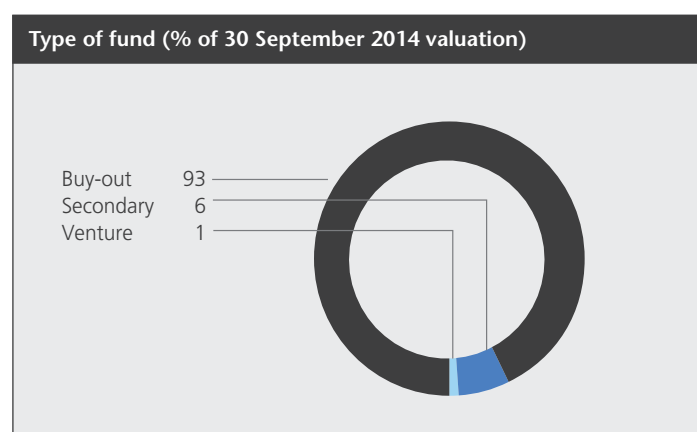
At 30 September 2014 the Company's net assets were £409.1 million. The Company had interests in 43 private equity funds with a value of £348.5 million.

The effect of portfolio and other cashflows over the year was to increase net liquid resources from £42.3 million at 30 September 2013 to £60.8 million at 30 September 2014.

## Portfolio composition and performance

At 30 September 2014 the Company's private equity portfolio comprised 43 private equity fund interests with a value of £348.5 million which, together with its index tracker funds and current assets less liabilities, resulted in the Company having net assets of £409.1 million. This represented a NAV of 257.4p. A breakdown of the £10.0 million movement in the Company's portfolio valuation during the year is detailed in the valuation bridge shown opposite.

The split of the Company's portfolio by type of private equity fund is set out in the pie chart below. Details of all of the Company's private equity fund interests, and more detailed information on the ten largest fund investments and thirty largest underlying portfolio companies, can be found on pages 13 to 15.

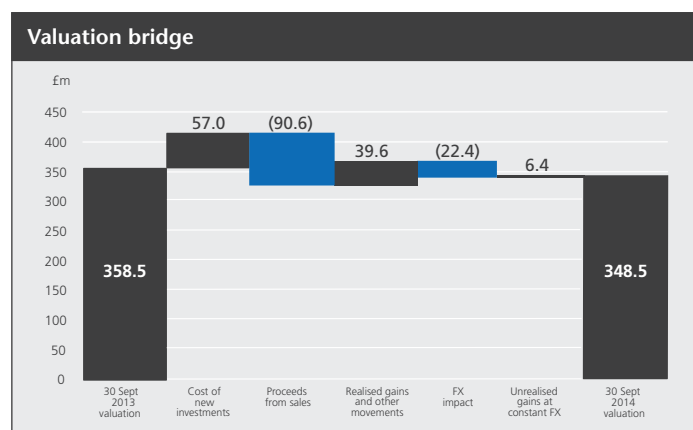


The valuation of the Company's private equity fund interests at the year end was carried out by the Manager and has been approved by the Board in accordance with the accounting policies set out on pages 42 and 43. In undertaking the valuation, the most recent valuation of each fund prepared by the relevant fund manager has been used, adjusted where necessary for subsequent cashflows. The Company's interest in Apax Europe VII was valued at 30 September 2014 at the sale proceeds received. The fund valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation guidelines.

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

## Portfolio review

Of the 43 private equity funds in which the Company is invested, 40 of the funds, or 94.6% of the portfolio by value, were valued by their fund managers at 30 September 2014. The Manager continues to believe that the use of such timely valuation information is important.



The value of the Company's portfolio of private equity fund interests decreased from £358.5 million at 30 September 2013 to £348.5 million at 30 September 2014. The decrease was driven by £90.6 million of realisation proceeds and £22.4 million of unrealised foreign exchange losses. This decrease was partially offset by £57.0 million of new investments, £39.6 million of net realised gains and £6.4 million of unrealised gains at constant foreign exchange rates.

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

# Portfolio Review

Valuation movement on unquoted investments				
	Cost of new investments £m	Return of cost £m	Unrealised movement £m	Closing valuation £m
Year to 30 September 2014	57.0*	(51.0)	(16.0)	348.5
Year to 30 September 2013	48.0*	(69.6)	14.2	358.5
Year to 30 September 2012	40.1	(39.1)	(32.5)	365.9
Year to 30 September 2011	49.6	(47.0)	25.2	397.4
Year to 30 September 2010	48.0	(19.4)	47.9	369.6
Year to 30 September 2009	48.3	(96.5)	(70.8)	293.1
Year to 30 September 2008	155.2	(22.9)	(42.8)	412.1
Year to 30 September 2007	137.6	(59.4)	5.1	322.6
Year to 30 September 2006	75.3	(39.2)	16.6	239.3
Year to 30 September 2005	59.1	(39.4)	16.6	186.6

\* Including secondary fund purchases

During the year, sterling appreciated against the euro by 7.3% and by 0.1% against the US dollar. This had a negative impact on the Company's NAV. The sterling/euro exchange rate at 30 September 2014 was £1/€1.2834 and the sterling/dollar exchange rate was £1/\$1.6212. The combined effect of foreign exchange movements on the valuation of the portfolio over the year was a 14.1p, or 5.8%, decrease in NAV.

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

## Valuation and leverage multiple analysis

The bar charts below show the valuation and leverage multiples of the fifty largest underlying portfolio companies held by the Company's private equity fund interests at 30 June 2014, which account for 47.0% of the Company's then net assets. This analysis is at 30 June 2014 due to the fact

that most private equity funds provide detailed information on the underlying portfolio companies twice a year, in June and December, rather than quarterly.

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

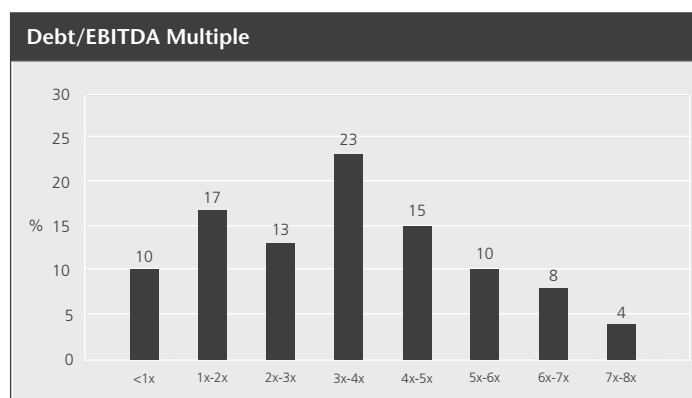
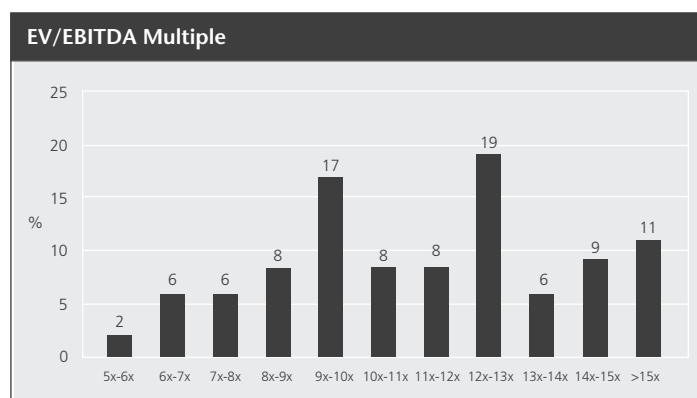
The median valuation and leverage multiples for the top fifty underlying portfolio companies at 30 June 2014 were 11-12x EV/EBITDA and 3-4x Debt/EBITDA respectively. These compare to the valuation and leverage multiples for the top fifty underlying portfolio companies at 31 December 2013 of 10-11x EV/EBITDA and 3-4x Debt/EBITDA. The increase in the median valuation multiple reflects a variety of factors, including a change in the sectoral bias of the sample and the value of certain companies at their listed share price or expected sale proceeds.

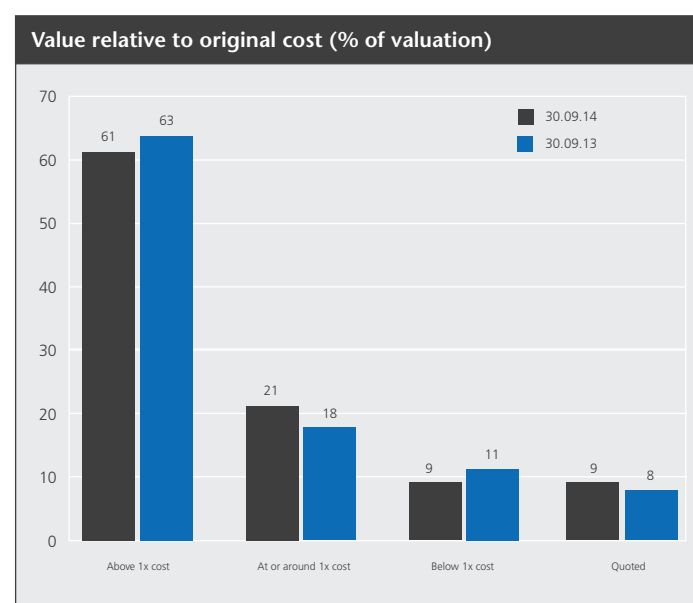
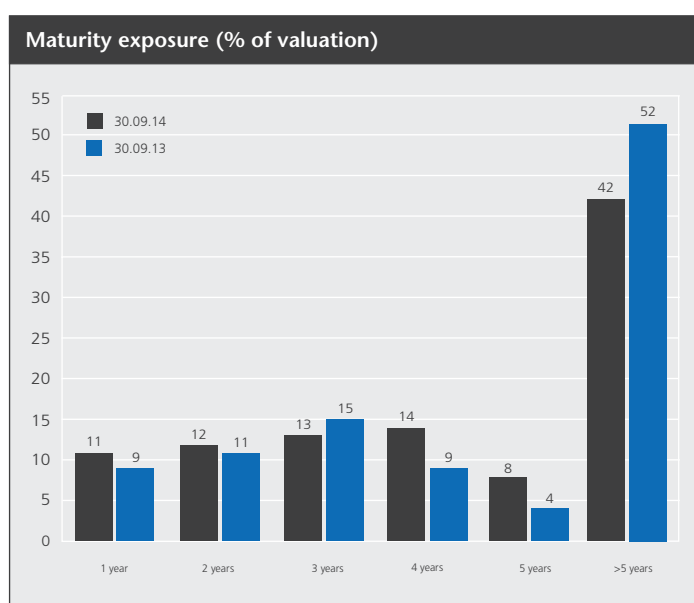
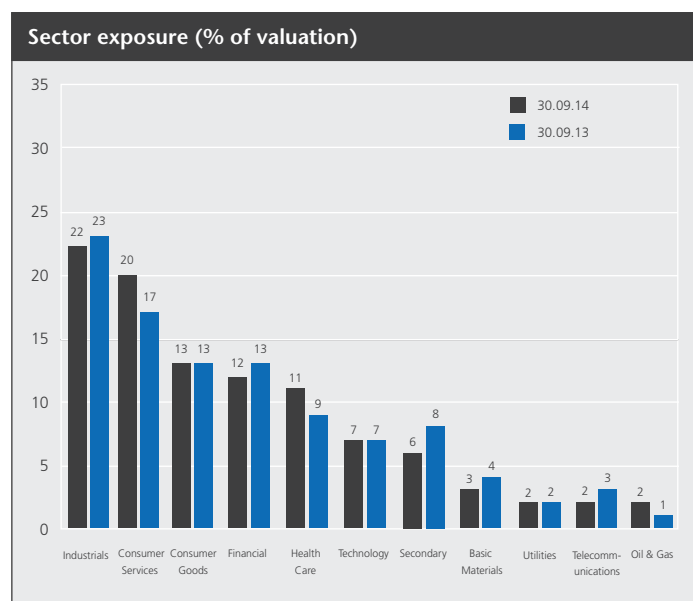
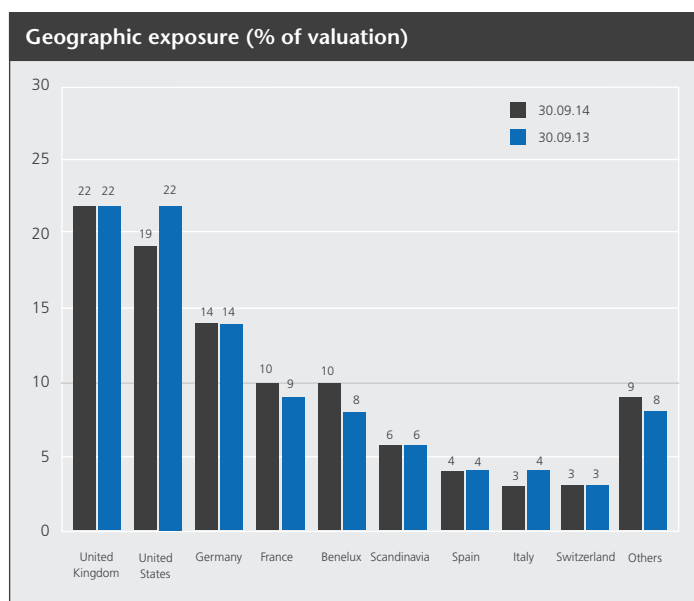
## Diversification

The Board has agreed, and regularly reviews, diversification limits with the Manager regarding the Company's net asset value and commitment exposure to both individual private equity funds and their managers. The Manager also monitors the Company's exposure to the underlying investments held by the different private equity funds in which the Company is invested. At 30 September 2014, the Company was invested in 43 different private equity funds, which collectively had interests in 485 separate companies.

Analysis of the underlying investments held by the different private equity funds allows the Manager to track the Company's exposure by geography, industrial sector, maturity of investment and value relative to original cost. Such information is used by the Manager in reviewing the exposure of the Company's portfolio, in assisting it to make new investment decisions and in having a better understanding of the timing of prospective cashflows.

The diversification of the Company's private equity fund interests, at 30 September 2014 and 2013, is set out in the four bar charts shown on page 11.





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

The UK still remains the single largest geographic exposure, although it has fallen from 64% at the time of the Company's listing to 22% at 30 September 2014, as other European private equity markets have developed and due to the Manager broadening the portfolio of fund interests.

At 30 September 2014, the Company had six fund investments – Pomona Capital V, Pomona Capital VI, Collier International Partners IV, Collier International Partners V, Towerbrook Investors II and Tower Brook Investors IV - which are likely to invest a significant proportion of their capital outside Europe. In total, these funds represent 7.5% of the Company's gross assets.

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

The chart showing the maturity exposure of underlying investments highlights the maturity of the portfolio, as a result of the reduced level of private equity transactions undertaken over the last few years. The manager anticipates that the average maturity of the portfolio will decrease going forward, as a result of increased exit activity and the new fund commitments made. The chart showing value relative to the original cost of underlying investments illustrates that the portfolio remains healthy, with 82% of the portfolio valued at or above cost.

SL Capital Partners LLP

5 December 2014

# Fund Investments

at 30 September 2014

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

Vintage year of fund	Fund	Type	Number of investments	Valuation date*	Outstanding commitments '000	Cost £'000	Valuation £'000	Net multiple† GBP (X)	% of net assets	
2006	3i Eurofund V	Buy-out	18	30.09.14	1,985	27,820	33,203	1.2	8.1%	
2007	Industri Kapital 2007	Buy-out	14	30.09.14	1,353	26,740	31,631	1.3	7.7%	
2007	Equistone Partners Europe Fund III	Buy-out	18	30.09.14	4,456	27,079	22,724	1.4	5.6%	
2011	Equistone Partners Europe Fund IV	Buy-out	22	30.09.14	5,340	19,204	21,832	1.2	5.3%	
2007	Apax Europe VII	Buy-out	26	30.09.14	3,375	21,090	21,760	1.2	5.3%	
2008	CVC European Equity Partners V	Buy-out	27	30.09.14	2,931	19,726	20,558	1.3	5.0%	
2005	Candover 2005 Fund	Buy-out	6	30.09.14	–	40,770	20,477	0.7	5.0%	
2006	Terra Firma Capital Partners III	Buy-out	6	30.06.14	243	25,699	16,459	0.6	4.0%	
2011	BC European Capital IX	Buy-out	9	30.09.14	11,700	14,547	14,568	N/D	3.6%	
2011	Montagu IV	Buy-out	9	30.09.14	10,337	12,749	13,220	1.1	3.2%	
2008	Advent Global Private Equity VI	Buy-out	23	30.09.14	453	7,705	11,738	1.8	2.9%	
2012	Advent Global Private Equity VII	Buy-out	14	30.09.14	6,842	8,976	11,125	1.2	2.7%	
2006	Coller International Partners V	Secondary	55	30.09.14	5,379	1,956	11,027	1.5	2.7%	
2006	Cinven Fourth Fund	Buy-out	13	30.09.14	1,989	11,269	9,752	1.5	2.4%	
2006	Permira IV	Buy-out	15	30.09.14	947	8,644	8,659	1.1	2.1%	
2006	TowerBrook Investors II	Buy-out	6	30.09.14	3,552	5,604	7,686	2.0	1.9%	
2005	Pomona Capital VI Fund	Secondary	32	30.09.14	1,684	7,949	7,358	1.5	1.8%	
2014	Permira V	Buy-out	7	30.09.14	16,469	7,144	6,636	0.9	1.6%	
2013	Nordic Capital VIII	Buy-out	6	30.09.14	16,658	7,026	6,407	0.9	1.6%	
2012	Bridgepoint Europe IV	Buy-out	19	30.09.14	932	6,522	5,740	1.1	1.4%	
2012	IK VII	Buy-out	4	30.09.14	21,666	5,838	5,541	1.0	1.3%	
2005	Advent Global Private Equity V	Buy-out	6	30.09.14	1,227	2,145	4,368	2.8	1.1%	
2009	Charterhouse Capital Partners IX	Buy-out	11	30.09.14	1,327	3,765	4,304	1.3	1.1%	
2006	HgCapital 5	Buy-out	5	30.09.14	213	7,487	3,806	1.7	0.9%	
2005	Equistone Partners Europe Fund II	Buy-out	6	30.09.14	208	8,796	3,639	1.6	0.9%	
2005	CVC European Equity Partners IV	Buy-out	6	30.09.14	1,589	4,100	3,533	2.2	0.9%	
2002	Charterhouse Capital Partners VII	Buy-out	3	30.09.14	1,446	6,602	3,148	1.9	0.8%	
2001	Cinven Third Fund	Buy-out	2	30.09.14	904	5,453	3,105	2.1	0.8%	
2007	CVC Tandem Fund	Buy-out	11	30.09.14	578	3,005	2,604	1.5	0.6%	
2000	Scottish Equity Partners II	Venture capital	5	30.06.14	–	3,534	1,831	1.0	0.4%	
2001	Coller International Partners IV	Secondary	37	30.09.14	740	270	1,606	1.4	0.4%	
2013	CVC Capital Partners VI	Buy-out	2	30.09.14	21,640	1,802	1,522	0.8	0.4%	
2001	Pomona Capital V Fund	Secondary	48	30.09.14	105	5,999	1,502	1.4	0.4%	
2013	TowerBrook Investors IV	Buy-out	1	30.09.14	19,606	1,909	1,483	0.8	0.4%	
2004	Industri Kapital 2004	Buy-out	4	30.09.14	13	4,854	1,350	2.2	0.3%	
2000	CVC European Equity Partners III	Buy-out	3	30.09.14	906	3,455	887	2.7	0.2%	
1998	CVC European Equity Partners II	Buy-out	4	30.09.14	1,066	2,332	516	2.0	0.1%	
1999	Apax Europe IV	Balanced	1	30.09.14	–	6,935	484	1.1	0.1%	
2001	Candover 2001 Fund	Buy-out	–	30.06.14	–	5,434	425	1.6	0.1%	
2001	MUST 4	Buy-out	1	30.09.14	1,684	3,320	211	2.0	0.1%	
2002	Equistone Partners Europe Fund	Buy-out	1	30.09.14	–	587	20	2.5	0.0%	
1995	Phildrew Fourth	Buy-out	–	30.09.14	–	–	17	0.3	0.0%	
2014	Altor Fund IV	Buy-out	–	30.09.14	42,858	11	–	–	0.0%	
Total portfolio investments‡			506		214,401	395,852	348,462		85.2%	
Non-portfolio assets less liabilities								60,640		14.8%
Shareholders' funds								409,102		100.0%

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

† the net multiple has been calculated by SL Capital Partners LLP in GBP on the basis of the total realised and unrealised return for the interest held in each fund investment. (N/D – not disclosed due to legal limitations).

‡ the 506 underlying investments represent holdings in 485 separate companies.

# Ten Largest Fund Investments

at 30 September 2014

3i Eurofund V		30 September 2014	30 September 2013
<p>3i Eurofund V is a €5.0 billion private equity fund, including a commitment of €2.8 billion from 3i Group plc, focused on mid to large sized European buy-outs. The fund is managed by 3i Private Equity, a division of 3i Group plc, an investment company listed on the London Stock Exchange. 3i is one of the oldest and most experienced private equity managers in Europe and operates from a network of offices, including Amsterdam, London, Madrid, Paris and Stockholm. 3i targets buy-out transactions with enterprise values of between €100 million and €1.0 billion, across a wide range of sectors.</p>	Value (£'000)	33,203	17,027
	Cost (£'000)	27,820	21,121
	Commitment (€'000)	60,000	40,000
	Amount Funded	95.8%	92.1%
	Holding in Fund	1.2%	0.8%
	Income (£'000)	141	290
Industri Kapital 2007		30 September 2014	30 September 2013
<p>Industri Kapital 2007 is a €1.7 billion private equity fund focused on northern European buy-outs. The fund is managed by IK Investment Partners, which is headquartered in London, with further offices in Stockholm, Oslo, Paris and Hamburg. IK targets the buy-out of businesses with enterprise values of between €100 million and €500 million.</p>	Value (£'000)	31,631	39,344
	Cost (£'000)	26,740	34,537
	Commitment (€'000)	50,000	50,000
	Amount Funded	96.5%	96.5%
	Holding in Fund	3.0%	3.0%
	Income (£'000)	1,010	60
Equistone Partners Europe Fund III		30 September 2014	30 September 2013
<p>Equistone Partners Europe Fund III is a €1.8 billion private equity fund focused on European middle market buy-outs. The fund is managed, alongside €800 million from Barclays Bank, by Equistone Partners Europe, the former private equity arm of Barclays PLC. The manager operates from offices in London, Paris, Munich, Zurich, Birmingham and Manchester with a focus on sourcing investments in the UK, France and Germany.</p>	Value (£'000)	22,724	25,773
	Cost (£'000)	27,079	28,850
	Commitment (€'000)	60,000	60,000
	Amount Funded	90.5%	89.4%
	Holding in Fund	3.3%	3.3%
	Income (£'000)	745	574
Equistone Partners Europe Fund IV		30 September 2014	30 September 2013
<p>Equistone Partners Europe Fund IV is a €1.5 billion private equity fund focused on European middle market buy-outs. The fund is the first fund raised by Equistone Partners Europe, following the spin-out from Barclays PLC. The manager operates from offices in London, Paris, Munich, Zurich, Birmingham and Manchester with a focus on sourcing investments in the UK, France and Germany.</p>	Value (£'000)	21,832	13,703
	Cost (£'000)	19,204	13,104
	Commitment (€'000)	30,000	30,000
	Amount Funded	77.2%	52.0%
	Holding in Fund	2.0%	2.0%
	Income (£'000)	–	229
Apax Europe VII		30 September 2014	30 September 2013
<p>Apax Europe VII is a €11.1 billion private equity fund predominantly focused on the European market. The fund is managed by Apax Partners, one of the leading and most experienced private equity managers in Europe. Apax operates from offices in London, Munich, New York and Tel Aviv with further offices across Asia in Hong Kong, Shanghai and Mumbai. The fund pursues a large buy-out strategy, and targets Apax Partners' four chosen sectors of technology and telecoms, healthcare, services, and consumer.</p>	Value (£'000)	21,760	24,612
	Cost (£'000)	21,090	22,591
	Commitment (€'000)	41,385	41,385
	Amount Funded	90.0%	87.3%
	Holding in Fund	0.4%	0.4%
	Income (£'000)	–	–

# Ten Largest Fund Investments

at 30 September 2014

		30 September 2014	30 September 2013
<b>CVC European Equity Partners V</b>			
<p>CVC European Equity Partners V is a €10.7 billion private equity fund predominantly focused on European buy-outs. The fund is managed by CVC Capital Partners Europe, one of the leading European private equity managers. CVC operates primarily from offices in London, Paris, Frankfurt, Amsterdam, Brussels, Copenhagen, Madrid, Stockholm, Zurich and Milan in Europe, with further offices in New York and across Asia. CVC targets medium and large sized buy-out transactions.</p>	Value (£'000)	20,558	19,179
	Cost (£'000)	19,726	17,569
	Commitment (€'000)	35,000	35,000
	Amount Funded	89.3%	73.3%
	Holding in Fund	0.3%	0.3%
	Income (£'000)	1,003	1,235
	<b>Candover 2005 Fund</b>		
<p>The Candover 2005 Fund is a €3.5 billion private equity fund focused on European buy-outs. The fund is managed by Arle Capital Partners which, historically, concentrated on larger buy-outs in the UK market. However, investments in continental Europe are a significant part of this fund's strategy.</p>	Value (£'000)	20,477	20,106
	Cost (£'000)	40,770	41,260
	Commitment (€'000)	60,000	60,000
	Amount Funded	100.0%	100.0%
	Holding in Fund	1.7%	1.7%
	Income (£'000)	–	–
	<b>Terra Firma Capital Partners III</b>		
<p>Terra Firma Capital Partners III is a €5.4 billion private equity fund focused predominantly on the European market. The fund targets asset-backed businesses operating in resilient and often regulated sectors, which are in need of fundamental strategic, operational or management change. The fund is managed by Terra Firma Capital Partners, which was created in 2002 as the independent successor to Nomura Principal Finance Group that was founded in 1994 by Guy Hands, Terra Firma's Chairman and Chief Investment Officer. The manager operates from offices in London, Guernsey and Frankfurt.</p>	Value (£'000)	16,459	15,827
	Cost (£'000)	25,699	24,667
	Commitment (€'000)	34,000	34,000
	Amount Funded	99.1%	95.4%
	Holding in Fund	0.6%	0.6%
	Income (£'000)	–	–
	<b>BC European Capital IX</b>		
<p>BC Partners is a leading European buy-out firm with a track record that goes back to 1986. The team operates from offices in London, Paris, Hamburg and New York. BC European Capital IX held its final close in February 2012 with total commitments of €6.7 billion. The fund focuses primarily on buy-outs of larger companies, with typical enterprise values between €300 million and €2 billion.</p>	Value (£'000)	14,568	14,258
	Cost (£'000)	14,547	12,590
	Commitment (€'000)	35,000	35,000
	Amount Funded	57.1%	47.8%
	Holding in Fund	0.5%	0.5%
	Income (£'000)	197	97
	<b>Montagu IV</b>		
<p>Montagu IV is a €2.5 billion private equity fund focused predominantly on northern Europe, targeting middle market buy-outs. The fund focuses on buy-outs of businesses with enterprise values between €100 million and €1 billion. Montagu Private Equity has been in existence since 1968 and prior to a spin-out in 2003, Montagu was the sole private equity arm of HSBC Group. The manager operates from offices in London, Manchester, Paris, Frankfurt and Warsaw.</p>	Value (£'000)	13,220	9,318
	Cost (£'000)	12,749	8,991
	Commitment (€'000)	30,000	30,000
	Amount Funded	55.8%	36.3%
	Holding in Fund	1.2%	1.2%
	Income (£'000)	93	–



# Top 30 Underlying Investments

at 30 September 2014

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

Entity	Description	Fund	Year of Investment	% of net assets
Action	Non-food discount retailer	3i Eurofund V	2011	2.9%
Parques Reunidos	Amusement parks	Candover 2005 Fund	2007	1.7%
Auto Trader Group	Online, mobile and magazine vehicle advertising	Apax Europe VII	2007	1.4%
AWAS/Pegasus	Aircraft lessor	Terra Firma Capital Partners III	2007	1.4%
Stork	Manufacturing and engineering conglomerate	Candover 2005 Fund	2008	1.2%
Scandlines	Northern European ferry operator	3i Eurofund V	2007	1.1%
TriZetto Group	Healthcare information technology solutions	Apax Europe VII	2008	1.0%
A-Plan Holdings	Retail insurance broking	Equistone Partners Europe Fund III	2008	0.9%
Numéricable/Completel	French cable operator	Cinven Third Fund	2005	0.8%
Schenck Process	Provides industrial weighing and measuring systems	Industri Kapital 2007	2007	0.8%
Not disclosed	Speciality retail	Advent Global Private Equity VI & Advent Global Private Equity VII	2012	0.8%
Hugo Boss	Fashion group	Permira IV	2007	0.8%
Expro International	Oilfield services	Candover 2005 Fund	2008	0.8%
Achilles	Provider of data management services	HgCapital 5	2008	0.8%
Ladder Capital Finance	Commercial real estate finance company	TowerBrook Investors II	2008	0.8%
Hilite	Hydraulic actuators and injection systems	3i Eurofund V	2011	0.8%
Arysta	Agrochemicals business	Permira IV	2008	0.7%
Sunrise Medical	Wheelchair producer	Equistone Partners Europe Fund IV	2012	0.7%
Acromas	Travel assistance and financial services	Charterhouse Capital Partners VII, CVC European Equity Partners IV & CVC Tandem	2004	0.7%
Tnuva	Food manufacturer and distributor	Apax Europe VII	2008	0.7%
EverPower	Wind energy development	Terra Firma Capital Partners III	2009	0.7%
Four Seasons Health Care	Elderly care and specialist care homes	Terra Firma Capital Partners III	2012	0.7%
Abertis	European toll road operator and airport manager	CVC European Equity Partners V & CVC Tandem	2010	0.7%
Not Disclosed	Cable communications system	BC European Capital IX	2012	0.7%
MPS	Manufacturer of red meat slaughtering systems	Equistone Partners Europe Fund III	2010	0.6%
Vistra	Trust, fiduciary, fund and corporate services	Industri Kapital 2007	2009	0.6%
Technogym	Provides fitness equipment and wellness products	Candover 2005 Fund	2008	0.6%
Agros Nova	Producer of food and drink products	Industri Kapital 2007	2010	0.6%
Ironshore	Underwriters of specialty commercial insurance	TowerBrook Investors II	2006	0.6%
Konrad Hornschuch (River Holding)	Producer of premium film and artificial leather	Equistone Partners Europe Fund III	2008	0.6%
Grand Total				27.2%

## Board of Directors



**Edmond Warner OBE\***

*Chairman*

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



**Alastair Barbour †**

*Director*

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



**Alan Devine**

*Director*

Alan Devine was appointed on 28 May 2014. He is a Fellow of the Institute of Bankers in Scotland with a wide background of knowledge and experience in both commercial and investment banking. Alan is currently the CEO of RBS Shipping Group, having spent 37 years with The Royal Bank of Scotland Group in a number of senior management roles. His other key directorships include Cairn Capital Ltd and Topaz Finance Ltd.



**Christina McComb‡**

*Director*

Christina McComb was appointed on 29 January 2013. Christina's background is in investment management and she has wide experience of investing in early stage growth companies. She is currently Senior Independent Director of the British Business Bank. She is also Chairman of Engage Mutual Assurance, a non-executive director of Baronsmead VCT2 PLC, Nexeon Ltd and a Trustee of The Land Trust. Christina has wide executive experience in both public and private sectors, including 14 years with 3i Group PLC.



**David Warnock**

*Director*

David Warnock was appointed on 26 January 2009. He has over 30 years' investment experience in both public and private companies, in both the UK and USA. He co-founded Aberforth Partners LLP and was a partner for 19 years until his retirement from the firm in 2008, prior to which he was with Ivory & Sime plc for four years and before that with 3i Group plc for seven years. He is also Chairman of Troy Income & Growth Trust plc, a non-executive director of British Polythene Industries PLC, Chairman of Seneca Investment Managers Ltd and an active investor in a number of private companies.

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

† Alastair Barbour is Chairman of the Audit Committee.

‡ Christina McComb is the Senior Independent Director.

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

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

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

The Board has contractually delegated the management of the investment portfolio to the Manager, SL Capital Partners LLP ("SL Capital"). A summary of the terms of the Investment Management Agreement is contained in the Directors' Report on pages 19 and 20.

### **Investment Objective**

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

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

### **Investment Policy**

#### **Investment strategy**

The principal focus of the Company is to invest in the leading European private equity funds investing in mid to large sized buy-outs, which can be categorised as transactions with enterprise values ranging between €200 million and €2.0 billion.

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

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

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

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

portfolio of fund investments and, from time to time, may use borrowings to meet draw downs.

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

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

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

### **Benchmark**

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

### **Borrowings**

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

### **Update on borrowings**

On 20 December 2012 the Company entered into a £80,000,000 committed, multi-currency syndicated revolving credit facility led by The Royal Bank of Scotland plc ("RBS"). The expiry date of this facility is December 2016. Under this facility the Company must repay each loan under the facility on the last day of the specified interest period of the loan, but any such amounts may be reborrowed. If any person or group of persons acting in concert gains control of the Company; or Standard Life plc ceases to be the beneficial owner directly or indirectly through wholly owned subsidiaries of more than 25.01% of the issued share capital of the Company; or Standard Life Investments (Private Equity) Limited ceases to control the Manager or to be the beneficial owner directly or indirectly through wholly owned subsidiaries of more than 50.01% of the capital of the Manager, the Company will be required to notify RBS and the syndicated revolving credit facility may be cancelled. In the event of such cancellation the Company will then have to repay all outstanding loans together with accrued interest. At 30 September 2014, £nil of the loan facility was drawn down.

### **Review of Performance**

An outline of the performance, market background, investment activity and portfolio during the year under review and the performance over the longer term, as well as the investment outlook, are provided in the Chairman's Statement and the Manager's Review. Details of the Company's fund

# Strategic Report

investments can be found on page 12. The ten largest fund investments are shown on pages 13 and 14 and the top 30 underlying investments are shown on page 15.

## **Strategy Implementation**

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

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

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

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

## **Monitoring Performance – Key Performance Indicators**

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

- net asset value capital return
- projected and actual portfolio cashflows
- share price discount and discount volatility
- share price capital return
- expenses and expense ratio

The net asset value and share price performance for the one year and five years ended 30 September 2014, and since listing, are provided in the Financial Summary on page 2. The Company's expense ratio and share price discount levels are provided on page 3. An analysis of the portfolio cashflows, including draw downs, distributions and fund commitments, is provided in the Investment Activity section of the Manager's Review.

## **Principal Risks and Uncertainties**

The financial risk management objectives and policies of the Company are contained in note 19 to the accounts on page 50. The principal risks facing the Company relate to the Company's investment activities and include the following:

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

An explanation of these risks and how they are managed is contained in note 19 to the accounts on pages 50 to 53.

## **Social, Community, Employee Responsibilities and Environmental Policy**

As an investment trust, the Company has no direct social, community, employee or environmental responsibilities. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly invested and managed. Further information on the Manager's policy on sustainable and responsible investing is provided on pages 25 and 26. The Company has no employees and no requirement to report separately on this area, as the management of the portfolio has been delegated to the Manager. Details of the Investment Management Agreement are provided on pages 19 and 20.

## **Gender Representation**

At 30 September 2014, there were four male directors and one female director on the Board. The Board's policy on diversity is set out on page 24.

By order of the Board

Personal Assets Trust Administration Company Limited

*Company Secretary*

Edinburgh, 5 December 2014

The directors present their report and the audited financial statements for the year ended 30 September 2014.

## Business and status

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

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

## Share capital

At 30 September 2014, there were 158,922,294 ordinary shares of 0.2p each in issue. During the year ended 30 September 2014 the remaining 907,081 founder A shares were converted into ordinary shares and the Company bought back 6,275,000 ordinary shares for cancellation (representing 3.8% of the issued share capital). There are no founder shares left in issue.

The Company's shares are listed on the London Stock Exchange. Information on the rights attaching to the Company's shares are set out on pages 21 and 22. The rights attaching to the Company's shares are set out in the Company's articles of association and they are also supplemented by (and are subject to) relevant provisions of the Companies Act 2006 and other legislation applying to the Company from time to time (the "Statutes").

## Income and final dividend

Income available for dividends was £9,162,000, or 5.69p per ordinary share (30 September 2013 – £9,700,000, or 5.96p per ordinary share). The directors recommend that a final dividend of 5.0p per ordinary share (30 September 2013 – 5.0p) be paid on 30 January 2015 to shareholders on the Company's share register at the close of business on 9 January 2015.

## Directors

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

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

## Directors' and Officers' Liability Insurance/Directors' Indemnity

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

liability incurred by him as a director or other officer of the Company to the extent permitted by law.

## Investment Management Arrangements

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

Under the terms of the Company's investment management agreement with the Manager (the "Investment Management Agreement"), the Company pays the Manager a quarterly fee, equal to 0.8% per annum of shareholders' funds at the end of the relevant quarter. Undrawn commitments to limited partnerships and other funds are disregarded when calculating shareholders' funds for this purpose. No fee is payable on any investments in any investment trust, collective investment scheme or any other company or fund managed, operated or advised by the Manager or any other subsidiary of Standard Life where there is an entitlement to a fee on that investment.

An incentive fee arrangement is in place in respect of the period from 1 October 2011 to 30 September 2016 (the "Incentive Period"). No incentive fee is payable unless the Company's adjusted net asset value total return per ordinary share (before any accrual for the incentive fee) has grown by more than 8% compound per annum over the Incentive Period (the "Preferred Return"). The Company's adjusted net asset value total return per ordinary share was 225.9p at 1 October 2011, which is equivalent to 331.9p at 30 September 2016, when grown by 8% compound per annum over the Incentive Period. The incentive fee will be an amount equal to 10% of the growth in the fully diluted net asset value total return per ordinary share in excess of the Preferred Return over the Incentive Period multiplied by the adjusted number of ordinary shares in issue.

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

The maximum compensation which the Manager would be entitled to receive for early termination (that is, if no notice of termination were given by the Company) would be an amount equal to 0.8% of the Company's net asset value at termination. If a period of notice were given by the Company (but less than the required 12 months), the Manager would be entitled to receive a proportion of that maximum compensation, the relevant proportion being the number of days by which the notice given falls short of 365 days expressed as a proportion of the required 12 month notice period.

The Manager's appointment under the Investment Management Agreement may be terminated by the Company without compensation for early termination (although all fees (excluding the incentive fee) and other amounts accrued up to the date of termination will remain payable) in the

# Directors' Report

following circumstances: the Manager being wound up; an insolvency event occurring in respect of the Manager; the Manager being guilty of negligence, wilful default or fraud in the performance of its duties under the Investment Management Agreement; the Manager's material breach of the Investment Management Agreement; the Manager becoming legally prohibited from carrying on investment business; on a change of control of Standard Life Investments (Private Equity) Limited ("SLIPE") where at that time SLIPE controls the Manager; on a change of control of the Manager (except where it has been approved by the Board); on the Company ceasing to satisfy the conditions for approval as an investment trust by reason of the negligence or wilful default of the Manager; or if less than two "key executives" remain engaged by any member of the Manager's group. The key executives are currently Graeme Gunn, Peter McKellar and Roger Pim, but the directors may from time to time accept as a key executive any other employee or member of any entity in the Manager's group who is a member of the Manager's investment committee and who has been proposed by the Manager to the Company as a key executive. The incentive fee accrued to the date of termination shall remain payable if the termination event is triggered by the death or physical or mental illness of key executives.

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

## Remuneration policy

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

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

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

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

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

## Depositary

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

## Greenhouse gas emissions

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

## Significant shareholdings

The significant holdings in the Company's ordinary share capital which had been notified to the Company at 30 September 2014 are shown below.

Substantial share interests	No. of ordinary shares	%
Standard Life plc	86,112,583	54.2
Henderson Global Investors	8,618,497	5.4
Red Rocks Capital LLC	8,305,308	5.2
Quilter & Co. Limited	8,029,904	5.1
F&C Asset Management PLC	7,334,347	4.6

There have been no changes notified in respect of the above holdings, and no new holdings notified, since the end of the financial year.

## Significant agreements

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

### Investment management agreement

The principal terms of the Investment Management Agreement are summarised on page 19.

### Relationship agreement with Standard Life

By a letter dated 1 October 2007, Standard Life has irrevocably undertaken to the Company that, at any time when Standard Life and its Associates (meaning any company which is a member of the Standard Life group) are entitled to exercise or control 30% or more of the rights to vote at general meetings of the Company, it will not (and will procure that none of its Associates will) seek to nominate directors to the Board of the Company who are not independent of Standard Life or take any action which would be detrimental to the Company's shareholders as a whole (for this purpose, any action which has the support or recommendation of a majority of the directors is deemed not to be detrimental).

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

#### **Standard Life name**

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

#### **Independent Auditors**

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

#### **Dividends**

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

#### **Voting**

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

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

#### **Deadlines for exercising voting rights**

If an ordinary shareholder wishes to appoint a proxy to vote at a meeting on his behalf, a valid appointment is made if the form of proxy is received by the Company no later than the time specified in the notice convening

the meeting, which: (i) cannot be more than 48 hours (excluding non-working days) before the start of the meeting or adjourned meeting; (ii) in the case of a poll taken more than 48 hours after it is demanded, cannot be more than 24 hours before the time appointed for the taking of the poll; or (iii) in the case of a poll taken not more than 48 hours after it is demanded at a meeting, cannot be more than 48 hours (excluding non-working days) prior to the meeting at which the poll is demanded.

#### **Rights to the capital of the Company on winding up**

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

#### **Restrictions on the rights attaching to shares**

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

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

#### **Other restrictions on transfers of shares**

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

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

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

# Directors' Report

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

## **Annual General Meeting**

The Company's Annual General Meeting will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh at 12.30 p.m. on 28 January 2015.

### ***Resolutions to be considered at the Annual General Meeting***

Resolutions 1 to 10 will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 and 12 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution. Each of these resolutions is being proposed to comply with the Company's Articles of Association and to obtain certain authorities under the Companies Act 2006 from Shareholders.

### ***Resolution 1: Receive the audited Report and Accounts***

Shareholders are being asked to receive the audited accounts for the year ended 30 September 2014.

### ***Resolution 2: Approve the Directors' Remuneration Report***

Shareholders are being asked to approve the Directors' Remuneration Report for the year ended 30 September 2014.

### ***Resolution 3: Final dividend***

Shareholders are being asked to approve the final dividend of 5.0p per ordinary share for the year ended 30 September 2014. If shareholders approve the recommended final dividend, it will be paid on 30 January 2015 to shareholders on the Company's register of members at the close of business on 9 January 2015.

### ***Resolutions 4 to 8: Election and re-election of directors***

Alan Devine, who, having been appointed as a director on 28 May 2014 will retire at his first Annual General Meeting and seek election.

Each of the Company's other directors will stand for re-election.

Biographical details of each director standing for election and re-election are set out on page 16.

The Board commends to shareholders the election and re-election of the directors, each of whom the Board regards as possessing the requisite skills and attributes to continue making significant contributions in their respective roles.

### ***Resolution 9: Re-appointment of auditors***

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders and PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, shareholders are being asked to re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next

general meeting at which accounts are presented to shareholders and to authorise the directors to fix their remuneration.

### ***Resolution 10: Authority to allot shares***

Resolution 10 will, if approved, give the directors a general authority to allot new shares in the Company up to an aggregate nominal amount of £105,842 (representing 33.3 per cent. of the total ordinary share capital of the Company in issue at 5 December 2014 (being the latest practicable date prior to the publication of this document)). The Company holds no ordinary shares in treasury. This authority will expire on 31 March 2016 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2016.

### ***Resolution 11: Disapplication of statutory pre-emption rights***

As noted above, resolution 10 will, if approved, give the directors a general authority to allot securities up to an aggregate nominal amount of £105,842. Resolution 11 will, if approved, authorise the Directors to allot new ordinary shares and existing ordinary shares which may be held by the Company in treasury up to an aggregate nominal amount of £15,890 (representing approximately 5 per cent. of the total ordinary share capital of the Company in issue at 5 December 2014 (being the latest practicable date prior to the publication of this document)) for cash without first offering such ordinary shares to existing shareholders pro rata to their existing shareholdings.

These authorities, which relate both to the issue of new ordinary shares and to the re-issue by the Company of any ordinary shares held in treasury, will expire on 31 March 2016 or, if earlier, the conclusion of the Annual General Meeting of the Company to be held in 2016. The directors will only issue new ordinary shares pursuant to these authorities, and will only re-issue any ordinary shares held in treasury pursuant to these authorities, if they believe it is advantageous to the shareholders to do so and where the issue price exceeds the last published net asset value per ordinary share.

### ***Resolution 12: Share buy-backs***

The existing buy-back authority, granted at the Annual General Meeting of the Company held on 28 January 2014, permits the Company to make market purchases of up to 14.99 per cent. of the Company's issued ordinary share capital at 28 January 2014 and expires at the forthcoming Annual General Meeting. During the financial year ended 30 September 2014, the Company purchased for cancellation 6,275,000 ordinary shares at an average price of 199.0p per ordinary share. The directors consider that the Company should continue to have the authority to make market purchases of ordinary shares for cancellation or to be held in treasury. Resolution 12 is being proposed to authorise the Board to buy-back up to 14.99 per cent. of the Company's issued ordinary share capital (approximately 23,822,000 ordinary shares) at the date on which the resolution is passed. The making and timing of any market purchases of ordinary shares will be at the absolute discretion of the Board. Any ordinary shares bought back may be cancelled or held by the Company in treasury.



Purchases under any such buy-back authority will only be made through the market for cash at prices below the last published net asset value per ordinary share, such that purchases will enhance the net asset value of the remaining ordinary shares. The minimum price which may be paid for an ordinary share shall be 0.2p (being the nominal value of an ordinary share). The maximum price shall be an amount being not more than the higher of (i) 105 per cent. of the average middle market quotation of an ordinary share (as derived from the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the date of purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an ordinary share on the trading venue on which the purchase is carried out. This authority will expire on 31 March 2016 or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2016.

#### **Recommendation of the Board**

The Board considers that all the resolutions to be considered at the Annual General Meeting are in the best interests of the Company and the shareholders as a whole. Your Board will be voting in favour of them in respect of their entire beneficial holdings of ordinary shares which amount, in aggregate, to 146,044 ordinary shares (representing approximately 0.09 per cent. of the ordinary share capital of the Company in issue) and unanimously recommends that you do so as well.

By order of the Board

Personal Assets Trust Administration Company Limited

*Company Secretary*

Edinburgh, 5 December 2014

# Corporate Governance

## Compliance

The Board and the Manager are committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in The UK Corporate Governance Code ("the Governance Code") issued in September 2012, which is available on the Financial Reporting Council's website [www.frc.org.uk](http://www.frc.org.uk). The Board has established corporate governance procedures, that it believes are appropriate for an investment trust company and that enable the Company to comply with the relevant principles of the Governance Code and, where appropriate, with the principles of the AIC Code of Corporate Governance, which can be found on the AIC's website at [www.theaic.co.uk](http://www.theaic.co.uk).

The Board believes that the Company has complied throughout the year ended 30 September 2014 with the provisions of the Governance Code, except for the provision which relates to the combination of the roles of the Chairman and Chief Executive, as this provision does not apply as the Company has no executive directors.

## Directors

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

The Board presently consists of five non-executive directors, one of whom is Chairman. All of the directors are independent of the Manager and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The terms and conditions of appointment of the directors are available at the Company's registered office and at the places set out in the Notice of Annual General Meeting on pages 56 to 58.

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

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

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

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

<sup>1</sup> Alan Devine was appointed on 28 May 2014 and attended all meetings which he was eligible to attend.

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

Following the implementation of the Bribery Act 2010, the Board has adopted a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery.

## Nominations Committee

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

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

The Company's articles of association provide that a director appointed during any period is required to retire and seek election by shareholders at the next Annual General Meeting and that every director submits himself

or herself for re-election at least every three years. Directors are appointed to the Board for a specified period, initially three years, and subsequent extensions are, in each case, considered by the Board. In line with developing practice and good corporate governance, the Board has implemented annual re-election of all directors. All directors, therefore, will be seeking election or re-election. The Board believes that each director continues to be effective, bringing a wealth of knowledge and experience to the Board and recommends the election or re-election of each director to shareholders.

Following a review of the Board composition, the Nominations Committee recognised the advantages of having representatives with experience in the banking market. Odgers Berndtson, an external consultant, was used to identify potential candidates. This resulted in the appointment of Alan Devine as a non-executive director on 28 May 2014 and he will offer himself for election by shareholders at the forthcoming Annual General Meeting.

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

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

### ***Performance evaluation***

An assessment of the operation of the Board and its Committees and of the contribution of each director, including the Chairman, was undertaken during the year. The process was based upon individual discussions between each director and the Chairman. The Chairman was assessed by his colleagues in discussions with the SID. Overall, the performance of the Board, collectively and individually, continues to be judged as fully satisfactory.

### ***Succession planning***

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

### ***Communication with shareholders***

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

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

### ***Management Engagement Committee***

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

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

### ***Sustainable and responsible investing ("SRI")***

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

- SL Capital Partners LLP believes that a company run in the long-term interests of its shareholders should manage its relationships with its employees, suppliers and customers, and behave responsibly towards the environment and society as a whole;
- companies that demonstrate a commitment to environmental and social responsibility are likely to enjoy a comparative advantage in the long run;
- companies that fail to maintain adequate processes to manage these issues increasingly risk damage to their reputation, brand and image that can negatively impact their financial performance; and

# Corporate Governance

- SL Capital Partners LLP seeks to encourage its fund managers to adopt best practice standards of environmental and social management with a view to protecting and enhancing the value of the investments made on behalf of its clients.

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

No material SRI issues have been brought to the Manager's attention from within the Company's portfolio during the year ended 30 September 2014.

By order of the Board

Personal Assets Trust Administration Company Limited

*Company Secretary*

Edinburgh, 5 December 2014

# Report of the Audit Committee

The Audit Committee is chaired by Alastair Barbour and comprises all of the directors. Alastair Barbour is a chartered accountant and a former partner of KPMG. Alan Devine has an MBA. Christina McComb has an MBA and BA Hons. Edmond Warner has a BA Hons. David Warnock has a B.Comm (Hons) and a C.Dip.A.F. The Board is satisfied that the Audit Committee has the necessary skills and experience. The Audit Committee's terms of reference, which are available on the Company's website, are reviewed on an annual basis.

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

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

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

## Significant accounting matters

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

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

## Valuation of unquoted investments

The Company's accounting policy for valuing unquoted investments is set out in note 1 (c) on page 42. The Audit Committee reviewed and challenged the valuation prepared by the Manager taking account of the latest available information about the Company's fund investments, the Manager's knowledge of the underlying funds through its participation on fund advisory boards, etc., and comparison to current market data where appropriate. The Audit Committee satisfied itself that the valuation of investments had been carried out consistently with prior periods and in accordance with published industry guidelines.

The auditors explained the results of their review of the procedures undertaken by the Manager in preparing the valuation, including the controls in place for reviewing the underlying fund valuations, and their review of the Manager's analysis of funds valued on a 'bottom up' basis at 30 September 2014, compared to those valued on a roll forward basis after

adjusting for cashflows. On the basis of their audit work, no adjustments that were material were identified by the auditor.

## Over-commitment risk

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

## Going concern

The Audit Committee considered the Board's obligation to satisfy itself as to the appropriateness of the adoption of the going concern assumption as a basis for preparing the financial statements, taking into account; the £80 million committed, syndicated revolving credit facility with a maturity date in December 2016; the future cashflow projections', and that the Company was cashflow positive during the year and had net liquid resources at the year end. The Audit Committee concluded that the adoption of the going concern basis was appropriate.

The Manager and auditor confirmed to the Audit Committee that they were not aware of any material misstatements in the financial statements. Having reviewed the reports from the Manager and auditor, the Audit Committee is satisfied that the key areas of risk and judgement have been appropriately addressed in the financial statements and that the significant assumptions used in determining the value of assets and liabilities have been properly appraised and are sufficiently robust.

At the request of the Board the Audit Committee considered whether the 2014 annual report and accounts was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Company's performance, business model and strategy. The Audit Committee is satisfied that, taken as a whole, the annual report and accounts is fair, balanced and understandable. In reaching this conclusion the directors have assumed that the reader of the annual report and accounts has a reasonable level of knowledge of the investment industry.

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

## Auditors

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

# Report of the Audit Committee

The Audit Committee also received a report from the auditor identifying to its satisfaction how their independence and objectivity is maintained when providing non-audit services. Any non-audit services to be provided by the auditor must be approved by the Audit Committee in advance of any work being carried out. During the year, in addition to the audit of the annual financial statements, the auditor reviewed the Company's interim report to shareholders and provided certain tax compliance services. Details of the Auditors' fees, including fees for non-audit services which amounted to £27,000 for the year ended 30 September 2014 (2013: £23,000) can be found on page 43. The non-audit services are primarily assurance related, and the Audit Committee believes PwC are best placed to provide them on a cost effective basis. The Audit Committee and the Board consider that the provision of such services does not impair the independence of the auditor.

PwC was appointed as auditor at the Company's launch in 2001. The audit engagement partner rotates every five years in accordance with ethical guidelines and 2014 is the fourth year for the current partner.

The Audit Committee assessed the effectiveness of the audit, the quality of the audit team and advice received from them through a review of interaction with the auditors, reports received from them and discussion with the Manager. The Audit Committee continues to be satisfied with the effectiveness of the work provided by PwC and that they continue to remain objective and independent. The Audit Committee, therefore, has recommended to the Board that a resolution be put to shareholders for the re-appointment of PwC, and their remuneration in terms of engagement, at the Annual General Meeting.

## **Internal controls**

The respective responsibilities of the directors and the Independent Auditors in connection with the financial statements appear on pages 31 and 33 to 37 respectively.

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

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

On the basis of this work, the Board confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks and that it has been in place for the year ended 30 September 2014 and up to the date of approval of the annual report and accounts. It is regularly reviewed by the Board and accords with the FRC's Internal Control: Revised Guidance.

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

Alastair Barbour BSc (Hons) FCA  
*Chairman*

Edinburgh, 5 December 2014

# Directors' Remuneration Report

## Introduction

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

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

## Remuneration committee

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

## Directors shareholdings (audited)

The names of the directors and their shareholdings in the Company at 30 September 2014 are shown in the table below. On 3 October 2014 Christina McComb acquired a beneficial interest in 4,386 shares. The Company has not been notified of any other changes to the directors' shareholdings between 30 September 2014 and 5 December 2014.

Directors and their shareholdings in the Company (audited)	Ordinary shares held as at 30 September	
	2014	2013
Edmond Warner	25,000	25,000
Alastair Barbour	66,658	55,658
Alan Devine	—	—
Christina McComb	—	—
David Warnock	50,000	50,000

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

In addition, the Manager's key executives held the following interests in the shares of the Company at 30 September 2014: Peter McKellar had an interest in 934,750 shares and Roger Pim an interest in 20,408 shares.

## Policy on directors' fees

The Company's policy is to remunerate directors exclusively by fixed fees in cash at a rate which both attracts and retains individuals of the necessary calibre and experience and is comparable to that paid by other companies with similar characteristics. It is intended that this policy will continue for the period ending 30 September 2016.

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

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

At the September 2014 Board meeting, the Board carried out a review of the level of directors' fees and agreed that directors' fees should be increased from £47,000 to £49,000 per annum for the Chairman, £31,000 to £34,000 per annum for the Senior Independent Director and Chairman of the Audit Committee and £27,500 to £30,000 per annum for each other Director.

	Year to 30 September 2015	Year to 30 September 2014
Chairman fee	£49,000	£47,000
Non-executive director base fee	£30,000	£27,500
Additional fee for chair of the Audit Committee	£4,000	£3,500
Additional fee for Senior Independent Director	£4,000	£3,500

## Directors' service contracts

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

# Directors' Remuneration Report

## Directors' emoluments for the year (audited)

The directors who served during the year ended 30 September 2014 and the year ended 30 September 2013 received the emoluments, in the form of fees, as described in the table below.

### Single Total Figure Table

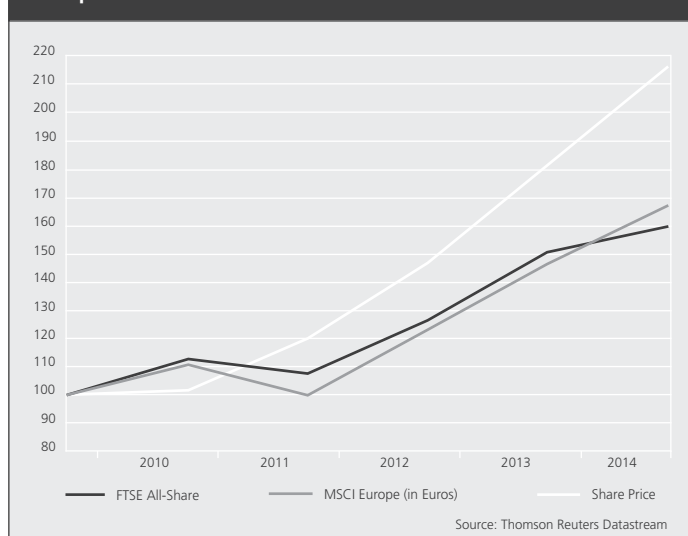
Director	Fees		Total	
	Year to 30 September 2014	Year to 30 September 2013	Year to 30 September 2014	Year to 30 September 2013
Edmond Warner	£47,000	£40,750	£47,000	£40,750
Alastair Barbour	£31,000	£30,000	£31,000	£30,000
Alan Devine (appointed 28 May 2014)	£9,444	—	£9,444	—
Scott Dobbie (retired on 29 January 2013)	—	£15,273	—	£15,273
Christina McComb (appointed 29 January 2013)	£31,000	£18,841	£31,000	£18,841
David Warnock	£27,500	£26,500	£27,500	£26,500
Donald Workman (resigned 3 June 2013)	—	£17,939	—	£17,939
<b>Total</b>	<b>£145,944</b>	<b>£149,303</b>	<b>£145,944</b>	<b>£149,303</b>

Scott Dobbie and Donald Workman received no additional remuneration on retirement.

### Total shareholder return

The graph below presents, for the period from 30 September 2009 to 30 September 2014, the total shareholder return, assuming all dividends were reinvested, for a holding in the Company's ordinary shares, compared to the total shareholder return on a notional investment made up of shares of the same kind and number as those by reference to which the FTSE All-Share and MSCI Europe (in euros) indices are calculated. These indices, being the two most relevant indices, are chosen for comparative purposes only.

### Total cumulative ordinary shareholder return for the five years to 30 September 2014



### Annual Statement

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

For Standard Life European Private Equity Trust PLC

Edmond Warner OBE

Chairman

Edinburgh, 5 December 2014



# Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

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

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

For Standard Life European Private Equity Trust PLC

Edmond Warner OBE

*Chairman*

Edinburgh, 5 December 2014

# Depository Report

**Year ended 30 September 2014**

**Statement of the Depository's Responsibilities as provided pursuant to the agreement in place between (1) Standard Life European Private Equity Trust Plc (2) BNP Paribas Securities Services, London Branch and (3) SL Capital Partners LLP with effect from 1 July 2014 (the "Depository Agreement")**

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

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

**Report of the Depository for the Year ended 30 September 2014 in respect of the period that it has been acting as Depository of the Company**

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

**BNP Paribas Securities Services S.A.**

5 December 2014

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

## Report on the financial statements

### Our opinion

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

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

Standard Life European Private Equity Trust PLC's financial statements comprise:

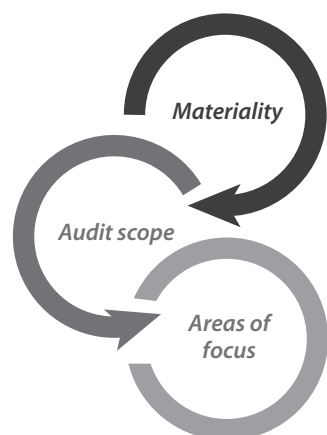
- the Balance Sheet as at 30 September 2014;
- the Income Statement for the year then ended;
- the Cashflow Statement for the year then ended;
- the Reconciliation of Movements in Shareholders' Funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## Our audit approach

### Overview



#### Materiality

- Overall materiality: £4.0 million which represents 1% of net assets.

#### Audit scope

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

#### Area of focus

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

### The scope of our audit and our areas of focus

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

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

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks identified by our audit.

The results of our audit work on the areas below were based on the evidence obtained to support our opinion on the financial statements as a whole.

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

Area of focus	How our audit addressed the area of focus
<p><b>Valuation of investments in unquoted private equity funds</b>  Refer to page 27 (Report of the Audit Committee) and page 42 (Accounting Policies).</p> <p>The investment portfolio at 30 September 2014 comprised quoted unit trusts and investments in unquoted private equity funds.</p> <p>We focused on the valuation of the investments in unquoted private equity funds as these investments represented a material balance in the financial statements (£348m – 85.2% of net assets) and the valuation requires estimates and significant judgements to be applied by the Manager. Changes to key inputs to the estimates and/or the judgements made can result, either on an individual investment in an unquoted private equity fund or in aggregate, in a material change to the valuation of investments in unquoted private equity funds.</p>	<p>We assessed the accounting policy for investments in unquoted private equity funds for compliance with accounting standards, International Private Equity and Venture Capital Valuation Guidelines and the AIC SORP. We performed testing to check that the investments had been accounted for in accordance with the stated accounting policy set out in note 1(c) on page 42 of the financial statements.</p> <p>We found that the accounting policies implemented were in accordance with accounting standards, International Private Equity and Venture Capital Valuation Guidelines and the AIC SORP.</p> <p>We understood and assessed the key controls surrounding the valuation of investments in unquoted private equity funds.</p> <p>We also assessed the appropriateness of the directors' judgements and assumptions over the valuation of investments in unquoted private equity funds by comparing the recorded valuations to independent valuations from the general partners of the private equity funds (94.6%) and, by assessing any adjustments made to the independent valuations by the Manager to determine whether there was appropriate evidence to support adjustments made. Where no independent valuation was available (5.4%), we assessed the reasonableness of the Manager's own valuation process.</p> <p>The assumptions and judgements made by the directors were consistent with the accounting policy 1(c) on page 42. We found evidence to support adjustments made by the Manager to the valuations.</p> <p>We read the board meeting minutes and the minutes of the advisory boards of the underlying private equity funds where the Manager was present to understand the directors' and Manager's discussions and decisions over the valuation of investments in unquoted private equity funds.</p> <p>We found no inconsistencies between the minutes reviewed and the decisions made over the valuation of investments in unquoted private equity funds.</p>
<p><b>Gains/losses on investments in unquoted private equity funds</b>  Refer to page 42 (Accounting Policies) and page 46 (notes).</p> <p>We focused on the gains/losses on investments in unquoted private equity funds because of the pressure management may feel to achieve capital growth in line with the objective of the company.</p> <p>Incomplete or inaccurate gains/losses on investments in unquoted private equity funds could have a material impact on the company's net asset value.</p>	<p>We understood and assessed the key controls surrounding recognition of realised and unrealised gains/losses on investments in unquoted private equity funds.</p> <p>We tested journals relating to the gains/losses on investments in unquoted private equity funds.</p> <p>We did not find any inappropriate journals impacting gains / losses on investments in unquoted private equity funds as a result of our testing.</p> <p>The gains/losses on investments in unquoted private equity funds comprise realised and unrealised gains/losses:</p> <ul style="list-style-type: none"> <li>For unrealised gains/losses, we obtained an understanding of, and then tested the valuation process as set out in the 'Valuation of investments in unquoted private equity funds' area of focus, to ascertain whether these gains/losses were appropriately calculated.</li> <li>For realised gains/losses, we tested a sample of distributions from underlying private equity funds by agreeing the proceeds to bank statements and distribution notices from the general partners of the underlying private equity funds.</li> </ul> <p>Our testing did not identify any significant misstatements which required reporting to the Audit Committee based on the above procedures.</p>

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

Area of focus	How our audit addressed the area of focus
<p><b>Over-commitment risk</b> Refer to page 27 (Report of the Audit Committee).</p> <p>We focused on this area as the company follows a policy of over-commitment with outstanding cash commitments to underlying funds in excess of uninvested capital.</p> <p>If the company does not have the ability to meet commitments, this may lead to investments being sold at a discount to their valuation or legal action being taken against the company.</p> <p>This could impact the status of the company as a going concern. Our consideration of going concern is explained in the section below.</p>	<p>We evaluated the company's current level of commitments, including agreeing the current level of commitments to appropriate legal documentation, and future cash flow forecasts for at least 12 months from the date of approval of these financial statements to determine the ability of the company to meet these future commitments.</p> <p>We assessed and challenged the reasonableness of the Manager's and the directors' assumptions used in the cash flow model. Specifically, this included the estimated timings of future cash inflows and outflows, and the review of the company's loan facility, to assess whether the company has the ability to meet its commitments as they fall due.</p> <p>In performing our assessment of the directors' assumptions we assessed the historic accuracy of key assumptions used in the cash flow forecasting.</p> <p>We found no inconsistencies between the reported level of commitments and the supporting legal documentation. We assessed assumptions underpinning the cash flow forecasts. We found evidence to support the assumptions used by the Manager and directors that the Company has the ability to meet forecasted commitments as they fall due.</p>

## How we tailored the audit scope

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

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

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

## Materiality

The scope of our audit is 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 and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

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

<b>Overall materiality</b>	£4.0 million (2013: £4.0 million).
<b>How we determined it</b>	1% of net assets.
<b>Rationale for benchmark applied</b>	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £200,000 (2013: £200,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Going concern

Under the Listing Rules we are required to review the directors' statement, set out on page 27, in relation to going concern. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the company's financial statements using the going concern basis of accounting. The going concern basis presumes that the company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

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

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the company's ability to continue as a going concern.

## Other required reporting

### *Consistency of other information*

#### *Companies Act 2006 opinions*

In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 24 to 26 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

#### *ISAs (UK & Ireland) reporting*

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

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

We have no exceptions to report arising from this responsibility.

- the statement given by the directors on page 27, in accordance with provision C.1.1 of the UK Corporate Governance Code ("the Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the company's performance, business model and strategy is materially inconsistent with our knowledge of the company acquired in the course of performing our audit.

We have no exceptions to report arising from this responsibility.

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

We have no exceptions to report arising from this responsibility.

### *Adequacy of accounting records and information and explanations received*

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

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

We have no exceptions to report arising from this responsibility.

### *Directors' remuneration*

#### *Directors' Remuneration Report – Companies Act 2006 opinion*

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

#### *Other Companies Act 2006 reporting*

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

### *Corporate governance statement*

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

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

### **Responsibilities for the financial statements and the audit**

#### *Our responsibilities and those of the directors*

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

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

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

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

## *What an audit of financial statements involves*

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

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

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

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through understanding the control environment at the Manager and the Administrator, and substantive procedures.

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

Catrin Thomas (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
*Chartered Accountants and Statutory Auditors*  
Edinburgh

5 December 2014

# Income Statement

	Notes	For the year ended 30 September 2014			For the year ended 30 September 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	—	23,236	23,236	—	28,161	28,161
Currency losses	14	—	(2,085)	(2,085)	—	(1,159)	(1,159)
Income from investments	2	12,039	—	12,039	12,150	—	12,150
Investment management fee	3	(328)	(2,952)	(3,280)	(321)	(2,891)	(3,212)
Administrative expenses	4	(657)	—	(657)	(637)	—	(637)
<b>Net return on ordinary activities before finance costs and taxation</b>		<b>11,054</b>	<b>18,199</b>	<b>29,253</b>	<b>11,192</b>	<b>24,111</b>	<b>35,303</b>
Finance costs	5	(104)	(934)	(1,038)	(147)	(1,328)	(1,475)
<b>Net return on ordinary activities before taxation</b>		<b>10,950</b>	<b>17,265</b>	<b>28,215</b>	<b>11,045</b>	<b>22,783</b>	<b>33,828</b>
Taxation	6	(1,788)	1,432	(356)	(1,345)	1,218	(127)
<b>Net return on ordinary activities after taxation</b>		<b>9,162</b>	<b>18,697</b>	<b>27,859</b>	<b>9,700</b>	<b>24,001</b>	<b>33,701</b>
<b>Net return per ordinary share</b>	8	<b>5.69p</b>	<b>11.60p</b>	<b>17.29p</b>	<b>5.96p</b>	<b>14.74p</b>	<b>20.70p</b>
<b>Diluted net return per ordinary share</b>	8	<b>5.69p</b>	<b>11.60p</b>	<b>17.29p</b>	<b>5.91p</b>	<b>14.62p</b>	<b>20.53p</b>

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

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

No operations were acquired or discontinued in the year.

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

The dividend which has been recommended based on this Income Statement is 5.0p (2013 – 5.0p) per ordinary share.



## Reconciliation of Movement in Shareholders' Funds

### For the year ended 30 September 2014

		Called-up		Special	Capital	Capital	Revenue	
		share	Share	reserve	redemption	Capital	reserve	Total
	Notes	capital	premium	reserve	reserve	reserves	reserve	£'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2013		330	85,594	75,519	70	223,438	16,214	401,165
Total recognised gains		—	—	—	—	18,697	9,162	27,859
Conversion of founder A shares		1	891	—	—	—	—	892
Buy back of ordinary shares		(13)	—	(12,572)	13	—	—	(12,572)
Dividends paid	7	—	—	—	—	—	(8,242)	(8,242)
Balance at 30 September 2014	13,14	<u>318</u>	<u>86,485</u>	<u>62,947</u>	<u>83</u>	<u>242,135</u>	<u>17,134</u>	<u>409,102</u>

### For the year ended 30 September 2013

		Called-up		Special	Capital	Capital	Revenue	
		share	Share	reserve	redemption	Capital	reserve	Total
	Notes	capital	premium	reserve	reserve	reserves	reserve	£'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2012		359	80,954	79,148	3	199,437	9,761	369,662
Total recognised gains		—	—	—	—	24,001	9,700	33,701
Conversion of founder A shares		3	2,668	—	3	—	—	2,674
Cancellation of deferred shares		(30)	—	(30)	60	—	—	—
Buy back of ordinary shares		(4)	—	(3,599)	4	—	—	(3,599)
Scrip issue of ordinary shares		2	1,972	—	—	—	—	1,974
Dividends paid	7	—	—	—	—	—	(3,247)	(3,247)
Balance at 30 September 2013	13,14	<u>330</u>	<u>85,594</u>	<u>75,519</u>	<u>70</u>	<u>223,438</u>	<u>16,214</u>	<u>401,165</u>

# Balance Sheet

		At 30 September 2014		At 30 September 2013	
	Notes	£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Investments at fair value through profit or loss	9		387,623		358,512
<b>Current assets</b>					
Debtors	10	473		664	
Money market funds		16,363		—	
Cash and short term deposits		5,212		42,272	
		<u>22,048</u>		<u>42,936</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(569)</u>		<u>(283)</u>	
<b>Net current assets</b>			<u>21,479</u>		<u>42,653</u>
<b>Total assets less current liabilities</b>			<u>409,102</u>		<u>401,165</u>
<b>Capital and reserves</b>					
Called up share capital	13		318		330
Share premium	14		86,485		85,594
Special reserve	14		62,947		75,519
Capital redemption reserve	14		83		70
Capital reserves	14		242,135		223,438
Revenue reserve	14		17,134		16,214
<b>Total shareholders' funds</b>			<u>409,102</u>		<u>401,165</u>
<b>Analysis of shareholders' funds</b>					
Equity interests (ordinary shares)			409,102		401,164
Non-equity interests (founder shares)	13		—		1
<b>Total shareholders' funds</b>			<u>409,102</u>		<u>401,165</u>
<b>Net asset value per equity share</b>	16		<u>257.4p</u>		<u>244.2p</u>
<b>Net asset value per equity share (diluted)</b>	16		<u>257.4p</u>		<u>243.4p</u>

The financial statements on pages 38 to 54 were approved by the board on 5 December 2014 and were signed on its behalf by:

Edmond Warner OBE, Chairman

5 December 2014

# Cash Flow Statement

	Notes	For the year ended 30 September 2014		For the year ended 30 September 2013	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	15		<b>7,823</b>		<b>8,261</b>
<b>Servicing of finance</b>					
Interest paid		(1,038)		(1,055)	
Arrangement fee		—		(760)	
<b>Net cash outflow from servicing of finance</b>			<b>(1,038)</b>		<b>(1,815)</b>
<b>Net cash inflow from taxation</b>			<b>—</b>		<b>148</b>
<b>Financial investment</b>					
Purchase of investments	9	(96,896)		(48,004)	
Disposal of underlying investments by funds	9	91,021		57,304	
Disposal of fund investments by way of secondary sales		—		26,246	
<b>Net cash (outflow)/inflow from financial investments</b>			<b>(5,875)</b>		<b>35,546</b>
<b>Ordinary dividend paid</b>			<b>(8,242)</b>		<b>(1,267)</b>
<b>Net cash (outflow)/inflow before financing</b>			<b>(7,332)</b>		<b>40,873</b>
Conversion of founder A shares		892		2,668	
Buy back of ordinary shares		(12,172)		(3,599)	
Bank loans repaid		—		(9,895)	
Bank loans drawn down		—		9,895	
<b>Net cash outflow from financing</b>			<b>(11,280)</b>		<b>(931)</b>
<b>(Decrease)/increase in cash</b>			<b>(18,612)</b>		<b>39,942</b>
<b>Reconciliation of net cash flow to movement in funds</b>					
(Decrease)/increase in cash as above			(18,612)		39,942
Currency movements			(2,085)		(1,159)
<b>Movement in net funds in the period</b>			<b>(20,697)</b>		<b>38,783</b>
Opening net funds			42,272		3,489
<b>Closing net funds</b>			<b>21,575</b>		<b>42,272</b>
<b>Represented by:</b>					
Money market funds, cash and short term deposits			21,575		42,272

# Notes to the Financial Statements

## 1. Accounting policies

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### (a) Basis of preparation and going concern

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments at fair value through profit or loss, and in accordance with applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' (issued January 2009). They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis. The financial statements, and the net asset value per equity share figures, have been prepared in accordance with the Companies Act 2006 and UK Generally Accepted Accounting Principles ("UK GAAP"). The directors consider the Company's functional currency to be sterling, as the Company is registered in Scotland, the Company's shareholders are predominantly based in the UK and the Company is subject to the UK's regulatory environment.

### (b) Revenue, expenses and finance costs

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

Expenses are charged through the revenue account of the Income Statement except as follows:

- transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Income Statement;
- the Company charges 90% of investment management fees and finance costs to capital, in accordance with the Board's expected long-term split of returns between capital gains and income from the Company's investment portfolio; and
- any incentive fees payable are allocated wholly to capital, as they are expected to be attributable largely, if not wholly, to capital performance.

### (c) Investments

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

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

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

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

### (f) Taxation

- (i) Current taxation – Provision for corporation tax is made at the current rate on the excess of taxable income net of any allowable deductions.
- (ii) Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 balance sheet 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 accounts which are capable of reversal in one or more subsequent periods.

# Notes to the Financial Statements

## 1. Accounting policies (continued)

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

**(g) Overseas currencies** – Overseas assets and liabilities are translated at the exchange rate prevailing at the Company's balance sheet date. Gains or losses on translation of investments held at the year end are accounted for through capital reserves. Gains or losses on the translation of overseas currency balances held at the year end are also accounted for through capital reserves. Rates of exchange to sterling at 30 September were:

	2014	2013
Euro	1.2834	1.1963
US dollar	1.6212	1.6194

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

## 2. Income

	Year to 30 September 2014 £'000	Year to 30 September 2013 £'000
Income from fund investments	11,438	12,149
Income from index tracker funds	569	—
Income from money market funds	32	—
Interest from HMRC	—	1
Total income	12,039	12,150

## 3. Investment management and incentive fees

	Year to 30 September 2014			Year to 30 September 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	328	2,952	3,280	321	2,891	3,212

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

For an incentive fee to be payable, the Company's net asset value total return must grow by more than 8% compound per annum (before any accrual for the incentive fee) over the five year period to 30 September 2016. Should this hurdle rate be achieved, the Manager will be entitled to an incentive fee of 10% of the growth in NAV (before any accrual for the incentive fee) in excess of the hurdle rate, multiplied by the number of ordinary shares in issue on 1 October 2011 (adjusted in certain circumstances to reflect subsequent share issuance and/or a material reduction in the Company's issued share capital). At 30 September 2014 the net asset value total return was 266.2p and has not exceeded the 8% per annum compound growth hurdle rate at the same date of 284.6p. No provision is required in respect of the incentive fee.

## 4. Administrative expenses

	Year to 30 September 2014 £'000	Year to 30 September 2013 £'000
Secretarial and administration fee	165	150
Directors' fees	146	149
Professional and consultancy fees	67	51
Legal fees	32	71
Auditors' remuneration – statutory audit	25	24
– interim review	16	16
– taxation services	11	6
– other services	—	1
Fees and subscriptions	27	23
Other expenses	168	146
	657	637

Irrecoverable VAT has been shown under the relevant expense line.

# Notes to the Financial Statements

## 4. Administrative expenses (continued)

The administration fee payable to BNP Paribas Securities S.A. is adjusted in line with the retail prices index from 30 September 2013. The administration agreement is terminable by the Company on three months' notice.

The secretarial fee payable to Personal Assets Trust Administration Company Limited is adjusted in line with the retail prices index from 30 September 2013. The secretarial agreement is terminable by the Company on three months' notice.

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

5. Finance costs	Year to 30 September 2014			Year to 30 September 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loan commitment fee	83	741	824	91	822	913
Bank loan arrangement fee	21	193	214	54	488	542
Bank loan interest	—	—	—	2	18	20
<b>Total</b>	<b>104</b>	<b>934</b>	<b>1,038</b>	<b>147</b>	<b>1,328</b>	<b>1,475</b>

6. Taxation	Year to 30 September 2014 £'000	Year to 30 September 2013 £'000
(a) Analysis of the tax charge throughout the year		
Overseas withholding tax	356	127
	<b>356</b>	<b>127</b>

### (a) Analysis of the tax charge throughout the year

Overseas withholding tax

(b) Factors affecting the current tax charge for the year	Year to 30 September 2014			Year to 30 September 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	10,950	17,265	28,215	11,045	22,783	33,828

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

Return on ordinary activities multiplied by the effective rate of corporation tax in the UK – 22% (2013 – 23.5%)	2,409	3,798	6,207	2,596	5,354	7,950
Capital gains <sup>1</sup>	—	(3,798)	(3,798)	—	(5,354)	(5,354)
Non taxable income	(977)	—	(977)	(1,378)	—	(1,378)
Overseas withholding tax	356	—	356	127	—	127
Tax relief for expenses taken to capital	—	(1,432)	(1,432)	—	(1,218)	(1,218)
<b>Current tax charge/(credit) for the year</b>	<b>1,788</b>	<b>(1,432)</b>	<b>356</b>	<b>1,345</b>	<b>(1,218)</b>	<b>127</b>

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

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Company's profits for the accounting period are taxed at an effective rate of 22%.

### (c) Factors that may affect future tax charges

At the year end there is a potential deferred tax asset of £1,420,000 (2013 – £1,978,000) in relation to excess management expenses carried forward. The deferred tax asset is unrecognised at the year end in line with the Company's stated accounting policy.

The standard rate of corporation tax in the UK is scheduled to change from 21% to 20% with effect from 1 April 2015. This rate change has been built into the deferred tax asset calculations.

# Notes to the Financial Statements

7. Dividend on ordinary shares	Year to 30 September 2014 £'000	Year to 30 September 2013 £'000
Amount recognised as a distribution to equity holders in the year:		
Dividend paid in the year ended 30 September 2014 of 5.0p (2013 – 2.0p) per ordinary share paid on 30 January 2014 (2013 – paid on 1 February 2013)	8,242	1,267
No scrip dividend was offered in lieu of the cash dividend in the year ended 30 September 2014 (2013 – 1,171,747 shares)	—	1,980
	<u>8,242</u>	<u>3,247</u>

During the year ended 30 September 2013 the Company issued 1,171,747 ordinary shares as a result of elections received following a scrip dividend offer in respect of the 2012 final dividend. One new ordinary share was issued for every 169.0p otherwise payable as a cash dividend.

Set out below are the total dividend paid and proposed in respect of the financial year, which is the basis on which the requirements of sections 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of a dividend for the year is £9,162,000 (2013 – £9,700,000).

Proposed final dividend of 5.0p per ordinary share (dividend proposed at 30 September 2013 – 5.0p per ordinary share) due to be paid on 30 January 2015 (paid 30 January 2014).	7,946	8,215
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8. Net return per ordinary share	Year to 30 September 2014		Year to 30 September 2013	
	p	£'000	p	£'000
The net return per ordinary share is based on the following figures:				
Revenue net return	5.69	9,162	5.96	9,700
Capital net return	11.60	18,697	14.74	24,001
Total net return	<u>17.29</u>	<u>27,859</u>	20.70	33,701

Weighted average number of ordinary shares in issue:	161,125,089	162,828,459
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	Year to 30 September 2014		Year to 30 September 2013	
	p	£'000	p	£'000
The fully diluted net return per ordinary share is based on the following figures:				
Revenue net return (fully diluted)	5.69	9,162	5.91	9,700
Capital net return (fully diluted)	11.60	18,697	14.62	24,001
Total net return (fully diluted)	<u>17.29</u>	<u>27,859</u>	20.53	33,701

Fully diluted net returns have been calculated on the basis set out in Financial Reporting Standard 22 'Earnings per share' ('FRS 22'). At 30 September 2014, all founder A shares had been converted and therefore there was no dilutive effect on earnings per share. For the year ended 30 September 2013, this is based on 164,112,146 shares, comprising the weighted average 162,828,459 ordinary shares and 1,283,687 founder A shares capable of conversion.

# Notes to the Financial Statements

9. Investments	30 September 2014			30 September
	Index tracker funds £'000	Fund investments £'000	Total £'000	2013 Total £'000
Fair value through profit or loss:				
Opening market value	—	358,512	358,512	365,897
Opening investment holding losses	—	31,378	31,378	45,554
Opening book cost	—	389,890	389,890	411,451
Movements in the year:				
Additions at cost	39,000	57,006	96,006	48,004
Dividends reinvested	556	—	556	—
Disposal of underlying investments by funds	—	(90,687)	(90,687)	(57,304)
Disposal of fund investments by way of secondary sales	—	—	—	(26,246)
	39,556	356,209	395,765	375,905
Gains on disposal of underlying investments	—	39,643	39,643	25,139
Losses on liquidation of fund investments	—	—	—	(6,500)
Losses on disposal of fund investments by way of secondary sales	—	—	—	(4,654)
Closing book cost	39,556	395,852	435,408	389,890
Closing investment holding losses	(395)	(47,390)	(47,785)	(31,378)
Closing market value	39,161	348,462	387,623	358,512
Gains on investments:				
Net gains on disposal of unquoted investments	—	39,643	39,643	13,985
Net revaluation of investments	(395)	(16,012)	(16,407)	14,176
	(395)	23,631	23,236	28,161

## Transaction costs

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

	30 September 2014 £'000	30 September 2013 £'000
Purchases in respect of unquoted fund investments	96	160
Secondary sales	4	60
	100	220

## 10. Debtors

	30 September 2014 £'000	30 September 2013 £'000
Amounts falling due within one year:		
Unamortised loan arrangement fees	430	620
Prepayments	41	44
Interest receivable	2	—
	473	664



# Notes to the Financial Statements

<b>11. Creditors: amounts falling due within one year</b>	<b>30 September 2014 £'000</b>	30 September 2013 £'000
Amounts due to broker for share buy-back	400	—
Management fee	75	182
Secretarial and administration fee	16	32
Loan interest and commitment fee	4	4
Other accruals	74	65
	<b>569</b>	<b>283</b>

## **12. Bank loans**

At 30 September 2014, the Company had a £80 million (2013 – £80 million) committed, multi currency syndicated revolving credit facility led by The Royal Bank of Scotland plc of which £nil (2013 – £nil) had been drawn down in euros. The facility expires in December 2016. The interest rate on this facility is LIBOR plus 2.75% and the commitment fee payable on non-utilisation is 1.0% per annum.

<b>13. Called up share capital</b>	<b>30 September 2014 £</b>	30 September 2013 £
Issued:		
158,922,294 (2013 – 164,290,213) ordinary shares of 0.2p – fully paid	317,845	328,580
Nil (2013 – 907,081) founder A shares of 0.2p – partly paid	—	964
	<b>317,845</b>	<b>329,544</b>

At 30 September 2014, nil founder A shares were in issue. During the year 907,081 (2013: 2,689,900) founder A Shares were converted into ordinary shares of 0.2p for consideration of £892,000 (2013: £2,681,000) including expenses. The Company also bought back 6,275,000 (2013: 1,950,000) ordinary shares at a cost of £12,572,000 (2013: £3,599,000) including expenses.

# Notes to the Financial Statements

14. Reserves	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves		Revenue reserve £'000
				gains/(losses) on disposal £'000	revaluation £'000	
Opening balances at 1 October 2013	85,594	75,519	70	254,816	(31,378)	16,214
Gains on disposal of unquoted investments	—	—	—	39,643	—	—
Management fee charged to capital	—	—	—	(2,952)	—	—
Finance costs charged to capital	—	—	—	(934)	—	—
Tax relief on management fees and finance costs above	—	—	—	1,432	—	—
Currency losses	—	—	—	(1,206)	(879)	—
Revaluation of investments	—	—	—	—	(16,407)	—
Conversion of founder A shares	891	—	—	—	—	—
Buy back of ordinary shares	—	(12,572)	13	—	—	—
Return on ordinary activities after taxation	—	—	—	—	—	9,162
Dividends during the period	—	—	—	—	—	(8,242)
Closing balances at 30 September 2014	<b>86,485</b>	<b>62,947</b>	<b>83</b>	<b>290,799</b>	<b>(48,664)</b>	<b>17,134</b>

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

15. Reconciliation of net return on ordinary activities before finance costs and taxation to net cash inflow from operating activities	30 September 2014 £'000	30 September 2013 £'000
Net total return before finance costs and taxation	29,253	35,303
Adjustment for:		
Gains on disposal of unquoted investments	(39,643)	(13,985)
Revaluation of investments	16,407	(14,176)
Currency losses on cash balances	2,085	1,159
Decrease in debtors	191	17
(Decrease)/increase in creditors	(114)	70
Tax deducted from non – UK income	(356)	(127)
Net cash inflow from operating activities	<b>7,823</b>	<b>8,261</b>

# Notes to the Financial Statements

<b>16. Net asset value per ordinary share</b>	<b>30 September 2014</b>	30 September 2013
Basic:		
Ordinary shareholders' funds	<b>£409,101,646</b>	£401,163,734
Number of ordinary shares in issue	<b>158,922,294</b>	164,290,213
Net asset value per ordinary share	<b>257.4p</b>	244.2p
Diluted:		
Ordinary shareholders' funds	<b>£409,101,646</b>	£402,070,815
Number of ordinary shares in issue	<b>158,922,294</b>	165,197,294
Net asset value per ordinary share	<b>257.4p</b>	243.4p

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

<b>17. Commitments and contingent liabilities</b>	<b>30 September 2014 £'000</b>	30 September 2013 £'000
Outstanding calls on investments	<b>214,400</b>	178,542

This represents commitments made to fund investments remaining undrawn.

## **18. Parent undertaking and related party transactions**

The Manager during the year was SL Capital Partners LLP which is 60% owned by Standard Life Investments Limited and 40% by its seven senior private equity managers. Standard Life Investments Limited is a wholly owned subsidiary of Standard Life plc, the ultimate parent undertaking of the Company. The accounts of the ultimate parent undertaking are the only group accounts incorporating the accounts of the Company. Copies of the accounts of the ultimate parent undertaking are available to download from the website [www.standardlife.com](http://www.standardlife.com).

Standard Life plc and the Company have entered into a relationship agreement which provides that, for so long as Standard Life plc and its subsidiaries exercise, or control the exercise, of 30% or more of the voting rights of the Company, Standard Life plc will not seek to nominate directors who are not independent of Standard Life plc and will not take, in its capacity as a beneficial holder of any ordinary shares, any action which would be detrimental to the general body of shareholders. For this purpose any action which has the support or recommendation of a majority of the directors shall be deemed not to be detrimental. A more detailed summary of the terms of the relationship agreement is set out in the Directors' Report on pages 20 and 21.

During the year ended 30 September 2014 the Manager charged management fees totalling £3,280,000 (2013 – £3,212,000) to the Company in the normal course of business. The balance of management fees outstanding at 30 September 2014 was £75,000 (2013 – £182,000).

No other related party transactions were undertaken during the year ended 30 September 2014.

# Notes to the Financial Statements

## 19. Risk management, financial assets and liabilities

### Financial assets and liabilities

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

### Summary of financial assets and financial liabilities by category

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

	30 September 2014 £'000	30 September 2013 £'000
<b>Financial assets</b>		
Financial assets at fair value through profit or loss:		
Fixed asset investments – designated as such on initial recognition	387,623	358,512
<b>Loans and receivables</b>		
Current assets:		
Debtors (accrued income and other debtors)	473	664
Money market funds	16,363	—
Cash and short-term deposits	5,212	42,272
	<u>409,671</u>	<u>401,448</u>
<b>Financial liabilities</b>		
Measured at amortised cost:		
Creditors: amounts falling due within one year:		
Accruals	569	283
	<u>569</u>	<u>283</u>

### Fair values of financial assets and financial liabilities

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

### Risk management

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

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

## 19. Risk management, financial assets and liabilities (continued)

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

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

### Market risk

#### a) Price risk

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

100% of the Company's investments are held at fair value. The valuation methodology employed by the managers of these funds may include the application of EBITDA ratios derived from listed companies with similar characteristics. Therefore, the value of the Company's portfolio is indirectly affected by price movements on listed financial exchanges. A 10% increase in the valuation of investments at 30 September 2014 would have increased the net assets attributable to the Company's shareholders and the total return for the year by £38,762,000 (2013 – £35,851,000); a 10% change in the opposite direction would have decreased the net assets attributable to the Company's shareholders and the total return for the year by an equivalent amount.

#### b) Currency risk

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

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

	30 September 2014		30 September 2013	
	Local Currency '000	Sterling Equivalent £'000	Local Currency '000	Sterling Equivalent £'000
Fixed asset investments:				
Sterling	45,026	45,026	11,183	11,183
Euro	398,520	310,531	364,389	304,597
US Dollar	51,984	32,066	69,200	42,732
Money market funds, cash and short term deposits:				
Sterling	591	591	2,227	2,227
Euro	26,559	20,695	41,010	34,281
US Dollar	469	289	9,334	5,764
Other debtors and creditors:				
Sterling	(96)	(96)	381	381
Total		<u>409,102</u>		<u>401,165</u>

# Notes to the Financial Statements

19. Risk management, financial assets and liabilities (continued)	30 September 2014		30 September 2013	
	Local Currency '000	Sterling Equivalent £'000	Local Currency '000	Sterling Equivalent £'000
Outstanding commitments:				
Sterling	1,897	1,897	2,775	2,775
Euro	230,311	179,465	167,202	139,763
US Dollar	53,560	33,038	58,305	36,004
Total		<u>214,400</u>		<u>178,542</u>

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

## c) Currency sensitivity

During the year ended 30 September 2014 sterling appreciated by 7.3% relative to the euro (2013 – depreciated 4.7%) and appreciated by 0.1% relative to the US dollar (2013 – appreciated 0.3%).

To highlight the sensitivity to currency movements, if the value of sterling had weakened against both of the above currencies by 10% compared to the exchange rates at 30 September 2014, the capital gain would have increased for the year by £40,398,000 (2013 – increase of £43,042,000 in capital gain); a 10% change in the opposite direction would have decreased the capital gain for the year by £33,053,000 (2013 – £35,216,000).

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

Based on similar assumptions, the amount of outstanding commitments would have increased by £23,612,000 at the year end (2013 – £19,530,000), a 10% change in the opposite direction would have decreased the amount of outstanding commitments by £19,319,000 (2013 – £15,979,000).

## Over-commitment risk

The Board has taken the decision to make commitments to new fund investments which are greater than the current cash and committed credit facilities. As private equity funds generally call monies over a five year period whilst they are making investments, the draw downs for funds which are investing should be offset by the more mature funds which are realising their investments and distributing cash back to the Company. The Manager monitors the Company's ongoing cash requirements by the use of cashflow modelling and reports to the Board on a regular basis. To minimise the risk of having an obligation to pay out more cash than is in the bank or on short-term deposit on any particular day, a committed, multi-currency revolving credit facility was arranged, led by The Royal Bank of Scotland plc. At 30 September 2014 and 30 September 2013, £nil million of the loan facility had been drawn down.

## Liquidity risk

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

## Credit risk

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

	30 September 2014 £'000	30 September 2013 £'000
Money market funds, cash and short term deposits	<u>21,575</u>	<u>42,272</u>

## 19. Risk management, financial assets and liabilities (continued)

The Company's cash is held by BNP Paribas Securities Services S.A. ("BNP") and JP Morgan Chase Bank ("JP Morgan"), which are rated 'A+' by Standard and Pooors. The Board monitors the risk by reviewing the internal control reports of BNP and JP Morgan annually. Should the credit quality or the financial position of BNP or JP Morgan deteriorate significantly the Manager would move the cash balances to another institution. The Company's money market funds are held in a euro variable net asset value liquidity fund, which is rated 'AAA' by Moody's.

### Interest rate risk

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

### Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the balance sheet date was as follows:

	30 September 2014		30 September 2013	
	Weighted average interest rate %	£'000	Weighted average interest rate %	£'000
<b>Floating rate</b>				
Financial assets: Money market funds, cash and short term deposits	—	21,575	—	42,272
	—	21,575	—	42,272

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on the bank loans is based on the interest rate payable, weighted by the total value of the loans. The weighted average period for which interest rates are fixed on the bank loans is 31.0 days (2013 – 31.0 days). The maturity dates of the bank loans are shown in note 12 to the financial statements.

### Interest rate sensitivity

An increase of 1% in interest rates would have decreased the net assets attributable to the Company's shareholders and decreased the total gain for the year ended 30 September 2014 by £10,000 (2013 – £15,000). A decrease of 1% would have increased the net assets attributable to the Company's shareholders and increased the total gain for the year ended 30 September 2014 by an equivalent amount. The calculations are based on the interest paid and received during the year.

### Operating and control environment risk

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

### Alternative Investment Fund Managers Directive

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

The Company's maximum and average actual leverage levels at 30 September 2014 are shown below:

	Gross method	Commitment method
<b>Leverage exposure</b>		
Maximum limit	250.0%	250.0%
Actual	99.9%	100.0%

# Notes to the Financial Statements

## 20. Fair value hierarchy

The Company adopted the amendments to FRS 29 'Financial Instruments: Disclosures' effective from 1 January 2009. These amendments require an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the input:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities, measured at fair value in the statement of financial position, are grouped into the following fair value hierarchy at 30 September 2014:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
Unquoted equities	—	—	348,462	348,462
Quoted equities	39,161	—	—	39,161
<b>Net fair value</b>	<b>39,161</b>	<b>—</b>	<b>348,462</b>	<b>387,623</b>

At 30 September 2013:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
Unquoted equities	—	—	358,512	358,512
<b>Net fair value</b>	<b>—</b>	<b>—</b>	<b>358,512</b>	<b>358,512</b>

### Unquoted equities

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

### Quoted equities

The Company's investments include two index tracker funds (2013: nil) which are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date.

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



## Registered address

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

Equiniti Limited  
34 South Gyle Crescent  
South Gyle Business Park  
Edinburgh EH12 9EB  
United Kingdom

Registrars' shareholder helpline: 0871 384 2618\*

Registrars' broker helpline: 0906 559 6025

\* Calls to this number are charged at 8p per minute from a BT landline. Other telephone providers costs may vary.

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

## Ordinary share price and net asset value

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

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

In view of the unlisted nature of the Company's investment portfolio, the NAV is announced to the Stock Exchange quarterly.

## ISA (Individual Savings Accounts)

Lump sum and regular savings ISAs in the Company's ordinary shares are offered by Standard Life Savings Limited. These provide a tax efficient vehicle for investors wishing to invest up to £15,000 in the tax year 2014/2015. There is no initial charge and no annual management charge for the plans. Further details are available from Standard Life Savings Limited, 12 Blenheim Place, Edinburgh EH7 5ZR, or by telephoning 0845 602 4247.

## Regulatory Status – Non Mainstream Pooled Investments

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

## Investment Manager

SL Capital Partners LLP  
1 George Street  
Edinburgh EH2 2LL

Telephone: 0131 245 0055

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

# Financial Calendar

December – Preliminary results for the year announced

December – Annual report and accounts published

January – Annual General Meeting

March – Quarterly trading statement announced

May – Interim results announced

June – Interim report published

September – Quarterly trading statement announced

The Annual General Meeting will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh EH2 2EQ on 28 January 2015 at 12.30 pm.

# Notice of Annual General Meeting

Notice is hereby given that the fourteenth annual general meeting of Standard Life European Private Equity Trust PLC (the "Company") will be held at The Balmoral Hotel, 1 Princes Street, Edinburgh on 28 January 2015 at 12.30 p.m. to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 10 (inclusive) will be proposed as ordinary resolutions and resolutions 11 and 12 (inclusive) will be proposed as special resolutions.

1. That the report and accounts for the year ended 30 September 2014, the Directors' report, the Directors' remuneration report and the independent auditors' report be received.
2. That the Directors' remuneration report for the year ended 30 September 2014 be approved.
3. That a final dividend of 5.0p per ordinary share be declared.
4. That Mr Barbour be re-elected as a director.
5. That Mr Devine be elected as a director.
6. That Ms McComb be re-elected as a director.
7. That Mr Warner be re-elected as a director.
8. That Mr Warnock be re-elected as a director.
9. That PricewaterhouseCoopers LLP be re-appointed as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.
10. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount of £105,842, such authority to expire on 31 March 2016 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2016, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.
11. That, subject to the passing of resolution 10 in this notice of annual general meeting and in substitution for any existing powers but without prejudice to the exercise of any such power prior to the date hereof, the directors be and are hereby generally empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity

securities (as defined in section 560(1) of the Act) for cash pursuant to the authority under section 551 of the Act conferred by resolution 10 in this notice of the annual general meeting as if section 561 of the Act did not apply to the allotment. This power:

- (i) expires on 31 March 2016 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2016, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired; and
- (ii) shall be limited to: (a) the allotment of equity securities in connection with an issue in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares, but subject to such exclusions or other arrangements as the directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of a regulatory body or stock exchange; and (b) the allotment of ordinary shares for cash otherwise than pursuant to paragraph (a) up to an aggregate nominal amount equal to £15,890.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 724 of the Act as if in the first paragraph of this resolution 11 the words "pursuant to the authority under section 551 of the Act conferred by resolution 10 in this notice of annual general meeting" were omitted.

12. That, in substitution for any existing authority, the Company be generally and 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 0.2p each ("ordinary shares") in the share capital of the Company, provided that:
  - (i) the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99 per cent. of the Company's issued ordinary share capital (being approximately 23,822,000 ordinary shares) as at the date on which this resolution is passed;
  - (ii) the minimum price which may be paid for an ordinary share shall be 0.2p;
  - (iii) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be an amount being not more than the higher of (a) 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of London Stock Exchange plc) for the ordinary shares for the five business days immediately preceding the date of purchase; and

# Notice of Annual General Meeting

(b) the higher of the price of the last independent trade and the highest current independent bid relating to an ordinary share on the trading venue on which the purchase is carried out; and

- (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 March 2016 or, if earlier, at the conclusion of the annual general meeting of the Company to be held in 2016, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares under such authority which will or might be executed wholly or partly after the expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract.

By order of the Board

**Personal Assets Trust Administration Company Ltd**

*Company Secretary*

1 George Street  
Edinburgh EH2 2LL

5 December 2014

## Notes

### 1. Attending the Annual General Meeting in person

If you wish to attend the Annual General Meeting in person, you should arrive at the venue for the Annual General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity prior to being admitted to the Annual General Meeting.

### 2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent a member. To be validly appointed, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying Form of Proxy.

If a member wishes a proxy to speak on their behalf at the meeting, the member will need to appoint their own choice of proxy (not the Chairman of the Annual General Meeting) and give their instructions directly to them. Such an appointment can be made using the Form of Proxy accompanying this notice of Annual General Meeting or through CREST.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact the Company's registrar Equiniti Limited (the "Registrar") at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

A member may instruct their proxy to abstain from voting on a particular resolution to be considered at the meeting by marking the "Vote withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the resolution.

The appointment of a proxy will not prevent a member from attending the Annual General Meeting and voting in person if he or she wishes.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

### 3. Appointment of a proxy using a Form of Proxy

A Form of Proxy for use in connection with the Annual General Meeting is enclosed. To be valid any Form of Proxy or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA at least 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting.

If you do not have a Form of Proxy and believe that you should have one, or you require additional Forms of Proxy, please contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

### 4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: [www.euroclear.com](http://www.euroclear.com). 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.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) no later than 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that 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 Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. 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 system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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.

### 5. Appointment of proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

# Notice of Annual General Meeting

## 6. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

## 7. Entitlement to attend and vote

To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on 26 January 2015 (or, if the Annual General Meeting is adjourned, at 6.00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting). Changes to the Company's register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

## 8. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

## 9. Website giving information regarding the Annual General Meeting

Information regarding the Annual General Meeting, including information required by section 311A of the 2006 Act, and a copy of this notice of Annual General Meeting is available from [www.slcapital.com/products](http://www.slcapital.com/products).

## 10. Audit concerns

Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance 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 2006 Act. 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 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

## 11. Voting rights

As at 5 December 2014 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 158,922,294 ordinary shares of 0.2p each. The Company held no shares in treasury. Only holders of ordinary shares are entitled to attend and vote at the Annual General Meeting. Each ordinary share carries one vote. Therefore, the total voting rights in the Company as at 5 December 2014 were 158,922,294 votes.

## 12. Notification of shareholdings

Any person holding 3 per cent. or more of the total voting rights of the Company who appoints a person other than the Chairman of the Annual General Meeting as his proxy will need to ensure that both he, and his proxy, comply with their respective disclosure obligations under the UK Disclosure Rules and Transparency Rules.

## 13. Further questions and communication

Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the Annual General Meeting put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members may not use any electronic address provided in this notice or in any related documents (including the accompanying document, Form of Proxy or Form of Election) to communicate with the Company for any purpose other than those expressly stated.

## 14. Directors' letters of appointment

The directors' letters of appointment will be available for inspection at the registered office of the Company and at the offices of Dickson Minto W.S. at Broadgate Tower, 20 Primrose Street, London EC2A 2EW during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the conclusion of the Annual General Meeting and on the date of the Annual General Meeting at The Balmoral Hotel, 1 Princes Street, Edinburgh from 12.15 p.m. until the conclusion of the Annual General Meeting.

# Glossary of Terms and Definitions

## **Bottom up valuation**

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

## **Buy-out fund**

A fund which acquires controlling stakes in established companies.

## **Commitment**

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

## **Discount**

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

## **Distribution**

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

## **Draw down**

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

## **EBITDA**

Earnings before interest expense, taxes, depreciation and amortisation.

## **Enterprise value (EV)**

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

## **IPO**

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

## **Net Asset Value (NAV)**

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

## **Ongoing Charges**

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

## **Premium**

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

## **Roll forward valuation**

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

## **Secondary transaction**

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

## **Share buy-back transaction**

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

## **Total Return**

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

# Corporate Information

## Registered Office

1 George Street  
Edinburgh EH2 2LL  
United Kingdom

## Investment Manager

SL Capital Partners LLP  
1 George Street  
Edinburgh EH2 2LL  
United Kingdom

## Company Secretary

Personal Assets Trust Administration Company Limited  
10 St. Colme Street  
Edinburgh EH3 6AA  
United Kingdom

## Company Administrator and Depositary

BNP Paribas Securities Services S.A.  
55 Moorgate  
London EC2R 6PA  
United Kingdom

## Company Broker

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

## Solicitors

Dickson Minto WS  
16 Charlotte Square  
Edinburgh EH2 4DF  
United Kingdom

## Independent Auditors and Tax Advisers

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX  
United Kingdom

## Bankers

BNP Paribas Securities Services S.A.  
55 Moorgate  
London EC2R 6PA  
United Kingdom

The Royal Bank of Scotland plc  
Level 5  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

## Registrars

Equiniti Limited  
34 South Gyle Crescent  
South Gyle Business Park  
Edinburgh EH12 9EB  
United Kingdom



**Standard Life European Private Equity Trust PLC**

Registered in Scotland no. 216638

1 George Street

Edinburgh EH2 2LL

United Kingdom

**Managed by SL Capital Partners LLP**

1 George Street

Edinburgh EH2 2LL

United Kingdom