For professional clients only

The Scottish Oriental Smaller Companies Trust

Annual General Meeting, December 2022

Agenda

- **What to expect from Scottish Oriental?**

(1) A consistent investment philosophy since 1995

(2) A focus on capital preservation

(3) A portfolio of small-caps which can become the large-caps of the future

(4) An index – agnostic portfolio

- **Portfolio outcomes**

- **Portfolio positioning and company examples**

What to expect from Scottish Oriental?

THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUST PLC

Manager's Review

INVESTMENT PHILOSOPHY

- We aim to maximise the rate of return with due regard to risk. Risk is contained by focusing on soundly managed and financially strong companies, and by ensuring that the portfolio is well diversified geographically and sectorally at all times.
- Whilst, cultural, political, economic and sectoral influences play an important part in the decision-making process, the availability of reasonably-priced companies with solid long-term growth prospects is the major determinant of investment policy.
- Our country weightings bear no relationship to regional stock market indices. Regardless of index significance, we do not consider ourselves obliged to hold investments in any individual market.
- Although considerable attention is paid to "value", we are primarily "growth" investors. As most regional companies are family controlled, value on its own (ie. unless associated with assets per share, sales, cash flow and/or earnings growth) is generally ignored by the market.

Scottish Oriental Annual Report, 1996

What to expect from Scottish Oriental?

Approach to risk – We are clear about what we will not do

IPO mania fizzles in Hong Kong as mega first-day pops disappear

VA Conclusion: *The attitude to debt is shocking. In a world of negative interest rates, it is no surprise that this is in vogue. But I would not be surprised if this blows up one day.* ***No Interest (D).***

- "We are probably the most conservative company" – debt/equity is over 1000%.
- There was a trophy in the office for the best borrower award. Never seen that one before.

Source: FSSA Investment Managers, Bloomberg, November 2022

What to expect from Scottish Oriental?

Approach to risk – ESG is integrated, not a box-ticking approach

- **Social license to operate**
- **Management integrity**
- **Company culture**
- **Long-term thinking**
- **Awareness & foresight**

Century Pacific Food (Philippines)

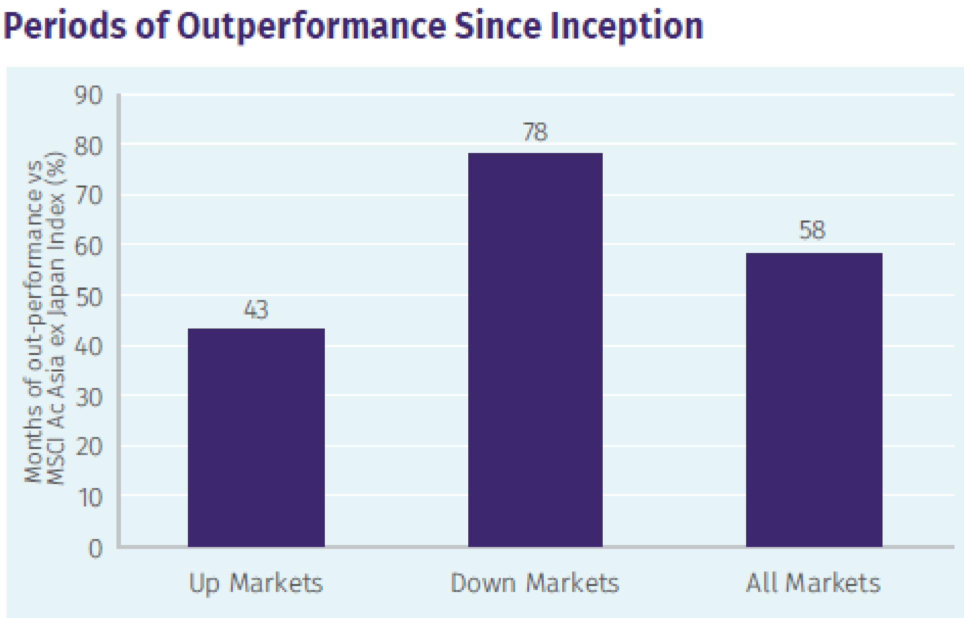
E S G	Related Party Transactions	Purchase of an asset from the family at fair valuations for the listed company.
	Nutrition and packaging	Initiatives to improve nutritional content of food and biodegradable plastic.
	Modern slavery risks	Introduced to domain experts to deal with risks of worker exploitation.

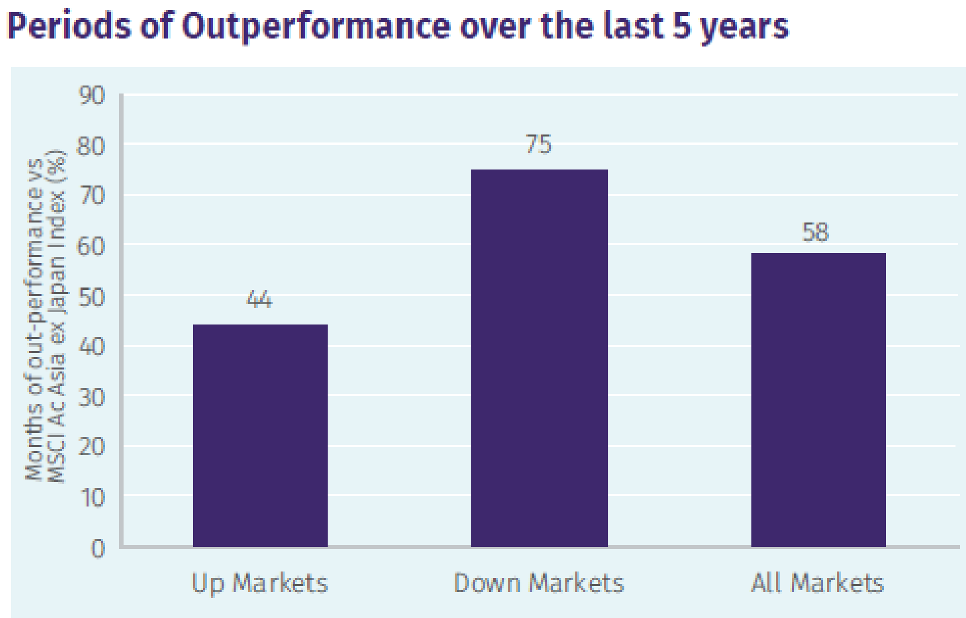
We believe that there is no perfect company. We focus on assessing the direction of travel.

Source: FSSA Investment Managers

What to expect from Scottish Oriental?

Approach to risk - Focus on capital preservation



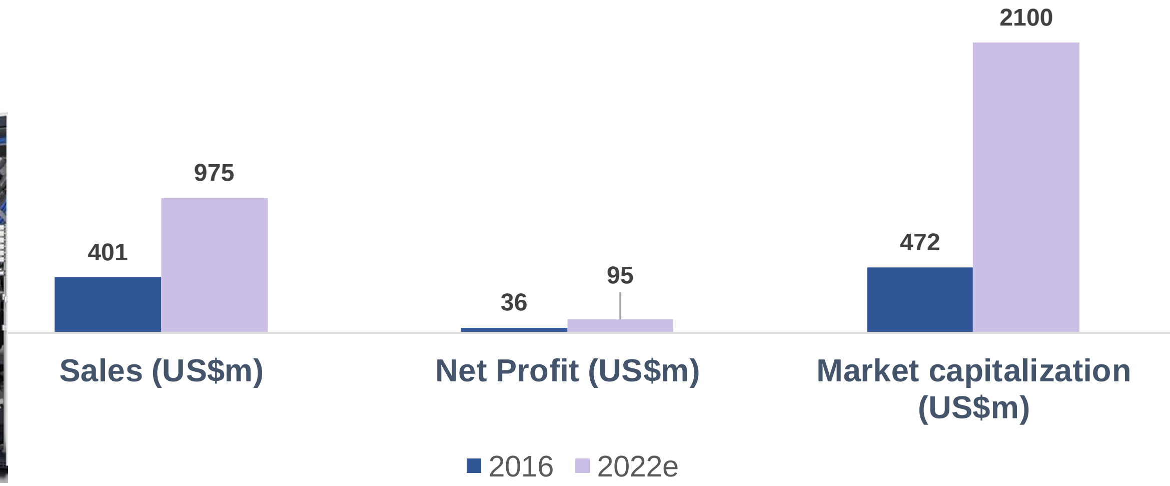


Data provided in GBP. These figures refer to the past. Past performance is not a reliable indicator of future results. The benchmark shown is the MSCI AC Asia (ex Japan) Index, on an income reinvested gross of tax basis. Sources: First Sentier Investors. Months of NAV (TR) outperformance vs MSCI AC Asia ex Japan Index calculated since inception on 28 March 1995. Data as at 30 August 2022

What to expect from Scottish Oriental?

Small-caps that can become the large-caps of the future

Sinbon Electronics (Taiwan)



- Leading manufacturer of industrial cables led by first-generation entrepreneur. Owned since 2016.
- Large customers like Amazon, ASML and supplying to fast growing industries such as wind & solar energy and EV charging stations.
- Sales have grown 2.4x and profit after tax 2.6x since 2016. Market cap has grown 4.5x as its valuations re-rated. The global leader, Amphenol has sales of $11B and market cap of US$ 48 Bn.

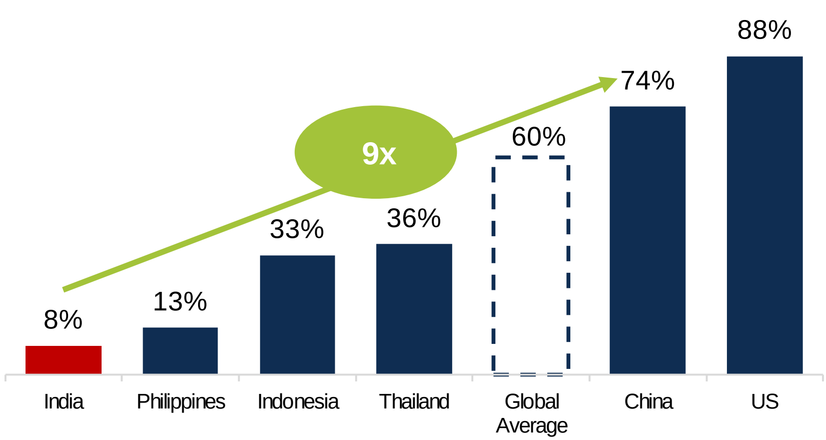
Source – FactSet, FSSA

What to expect from Scottish Oriental?

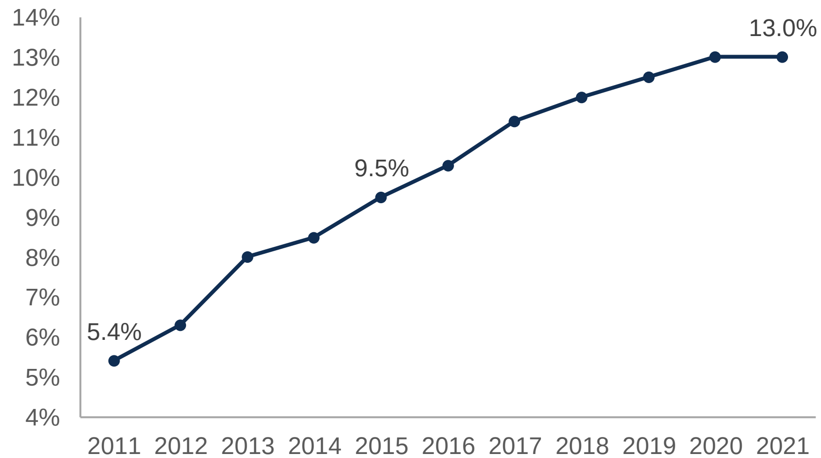
Small-caps that become the large-caps of the future

Blue Star (India)

Low Air-Conditioner Penetration in India



Blue Star's market share has grown consistently

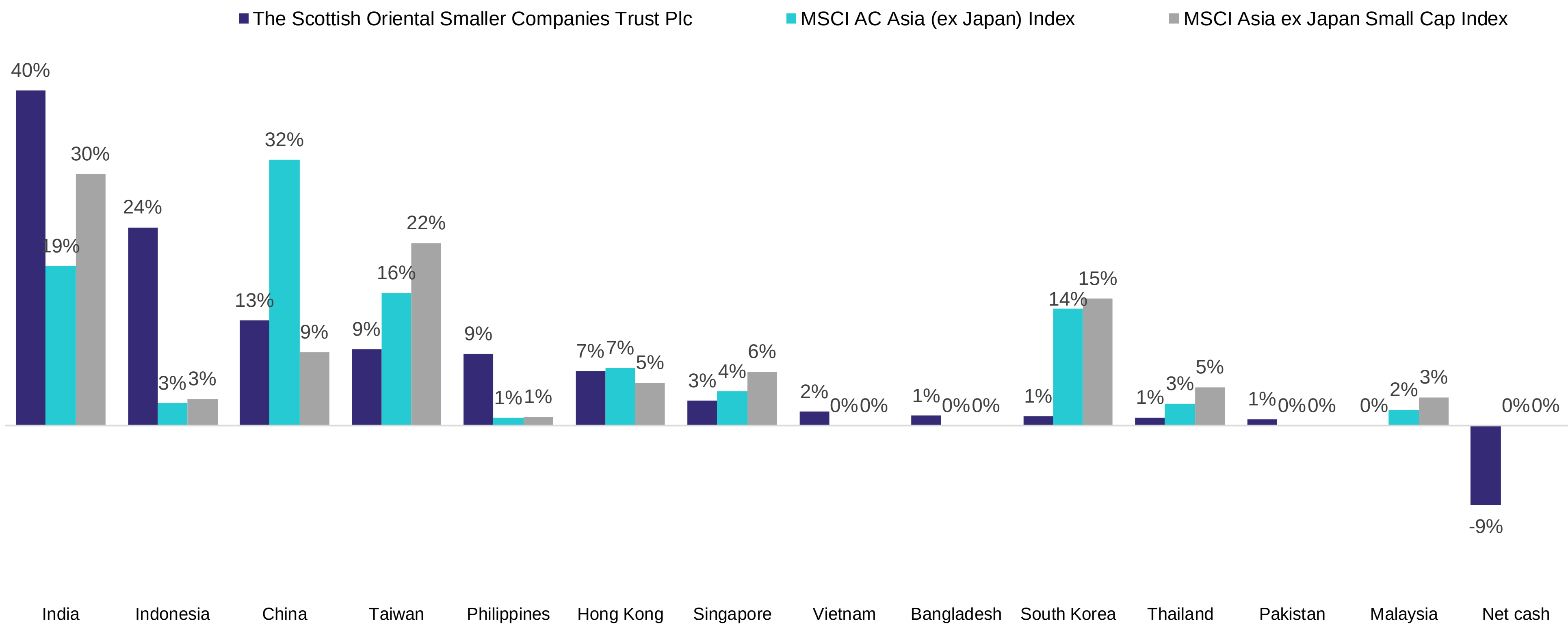


- Leading air-conditioner manufacturer in India. Scottish Oriental first invested in 2015.
- It has grown its market share consistently. Sales have increased 2.4x, margins have risen and the market capitalization has increased 4.3x.
- Air-conditioning penetration of 8% in India vs. 74% in China provides significant growth potential. The company has also entered new categories such as air-coolers, air purifiers and water purifiers.

Source: FactSet, FSSA, November 2022.

What to expect from Scottish Oriental?

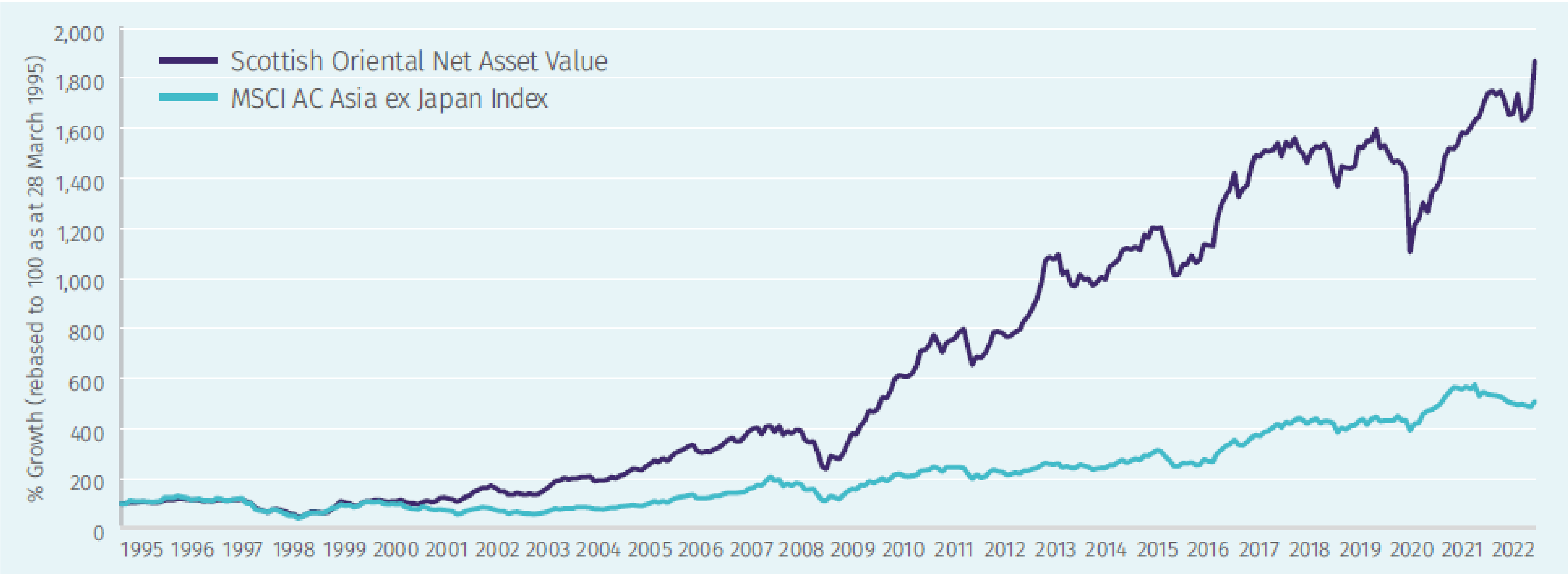
An index – agnostic portfolio



Source: First Sentier Investors. Numbers may not add up due to rounding.

Portfolio outcomes

Growth in an initial investment of GBP 1,000 at launch (as at 31st August 2022)	
Scottish Oriental Net Asset Value	GBP 18,706
MSCI AC Asia ex Japan Index	GBP 5,076



Source: FSSA, Bloomberg, As of August 31st 2022

Portfolio Outcomes

as at 30 September 2022

Cumulative returns %	3 months	6 months	1 year	3 years	5 years	10 years	Since inception	Since inception p.a.
NAV	10.0	8.7	3.9	17.9	21.4	117.9	1706.5	11.1
MSCI AC Asia ex Japan Index	-6.1	-7.3	-13.6	7.0	14.8	100.6	361.8	5.7
MSCI Asia ex Japan Small Cap Index	0.7	-6.8	-8.7	34.3	30.8	110.0	264.0	4.8
Share Price	8.8	8.8	5.0	19.0	20.4	102.5	1680.3	11.0

12 Months to:	30 Sep 22	30 Sep 21	30 Sep 20	30 Sep 19	30 Sep 18
NAV	3.9	28.0	-11.3	8.0	-4.6
MSCI AC Asia ex Japan Index	-13.6	10.0	12.6	2.5	4.7
MSCI Asia ex Japan Small Cap Index	-8.7	35.5	8.5	-3.1	0.5
Share Price	5.0	31.1	-13.5	10.5	-8.5

Data provided in GBP. Since inception calculated from 29 March 1995. These figures refer to the past. Past performance is not a reliable indicator of future results. The benchmark shown is the MSCI AC Asia (ex Japan) Index, on an income reinvested gross of tax basis. Sources: i) Trust Administrator for Trust performance; ii) Lipper for index performance.

Current Portfolio Positioning

As at 31 August	2017	2018	2019	2020	2021	2022
Weight of top 10 holdings %	25.1%	29.2%	29.6%	31.6%	31.8%	**39.2%**
Weight of top 20 holdings %	44.0%	50.8%	50.4%	52.4%	54.8%	**63.1%**
Median current year return on equity	13.6%	15.0%	16.3%	15.9%	15.3%	**18.8%**
Median 2-year forecast annualized earnings per share growth	14.2%	7.3%	1.5%	8.6%	34.1%	**21.2%**
Median forward price to earnings ratio	20.5x	26.8x	15.0x	24.9x	23.0x	**17.4x**

- The portfolio has become substantially more consolidated among the highest conviction holdings.
- Return on Equity (ROE %) has improved. The earnings per share growth of the portfolio is expected to improve sharply, partly due to the lower base resulting from the impact of COVID-19.
- Portfolio valuations are lower than in past years.
- The Median Net Debt to Equity of the portfolio remains 0%.

Source: FSSA, Bloomberg. Past performance is not a reliable indicator of future results.

Summary

1. A time-tested investment philosophy focused on –

- Capital preservation.
- Bottom-up stock selection.
- Owning small-caps which have the potential to be the large-caps of the future.

2. Performance geared towards protecting downside rather than chasing upside.

3. A portfolio of high ROE businesses growing strongly with reasonable valuations.

Appendix

Portfolio Managers

Vinay Agarwal

Lead Manager

Vinay Agarwal is Lead Manager of The Scottish Oriental Smaller Companies Trust and is also a Director of FSSA Investment Managers.

Joining FSSA Investment Managers in 2011, Vinay manages Regional Asia and Indian Subcontinent portfolios Vinay graduated in 2002 with a management degree with a major in Finance from the Indian Institute of Management Calcutta, and has more than 17 years of investment experience. He also holds a Bachelor of Commerce (Hons) degree with a major in Accountancy from Calcutta University.

Martin Lau

Co-Manager

Martin Lau is a Managing Partner of FSSA Investment Managers and the Co-Manager of The Scottish Oriental Smaller Companies Trust.

Martin has been with the team for more than 17 years, starting with the firm as Director, Greater China Equities, in 2002, he is the lead manager of a number of First State funds, based in Hong Kong, and has more than 24 years of investment experience. Martin graduated from Cambridge University with a Bachelor of Arts degree and a Master's degree in Engineering. He is also a CFA charter holder.

Quality assessment: What we look for

Quality

Management	*Franchise*	*Financials*
▪ Historical track record ▪ Integrity and motivation ▪ Sensible attitude to risk ▪ Clear and focused strategy ▪ Alignment with our interests	▪ Barriers to entry ▪ Competitive advantage ▪ Brand & market share ▪ Pricing power ▪ Cost control	▪ Cash flow generation ▪ How will growth be financed? ▪ Size, denomination and maturity of debt ▪ Long-tail liabilities ▪ Tax approach

Growth

Growth	*Sustainability*	*Opportunity set*
▪ Anticipated real growth (at least 5-10% pa) ▪ Medium-long term focus ▪ Earnings risk/visibility of earnings	▪ Environmental, social and governance issues ▪ Accountability and risk awareness ▪ RepRisk* rating	▪ Structural vs. cyclical ▪ Company/management restructuring ▪ Catalyst for rerating

Valuations

Sensible price		
▪ Financial and non-financial metrics	▪ Fair market value estimates	▪ Risk/reward analysis

*RepRisk is a business intelligence provider that specialises in ESG risk analytics and metrics. The service highlights all relevant ESG issues on our portfolio and serves as a due diligence tool for potential investee companies.

Portfolio construction

Quality rating

- Larger weighting for higher quality rated companies

Earnings visibility and valuation support

- Strong and sustainable franchises
- Semi-annual fair market valuation reviews

Long-term growth potential

- Higher weighting for companies with long-term secular growth drivers

Risk control

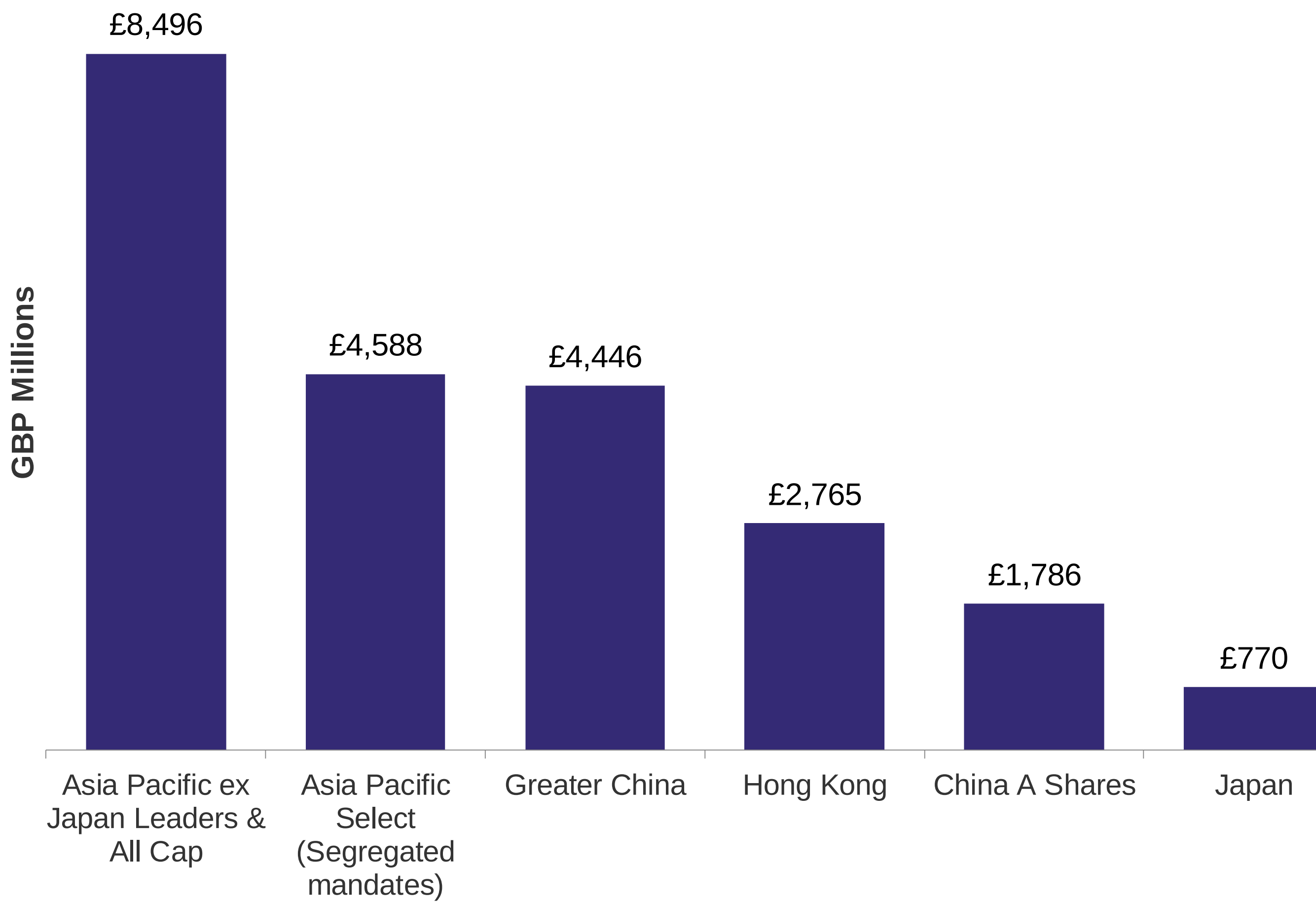
- Diversification, maximum weights, compliance and liquidity

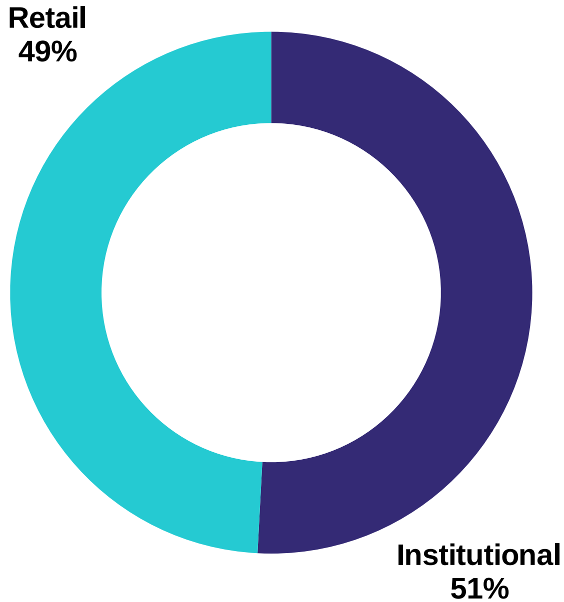
Portfolio positioning

Initial position: 1.5-2% | Proven over time: 3-4% | Top holdings: 5-7%

FSSA Investment Managers

Total AUM GBP 24.0 billion





Source: First Sentier Investors. Data as at 30 June 2022

Structure and culture

Autonomous structure

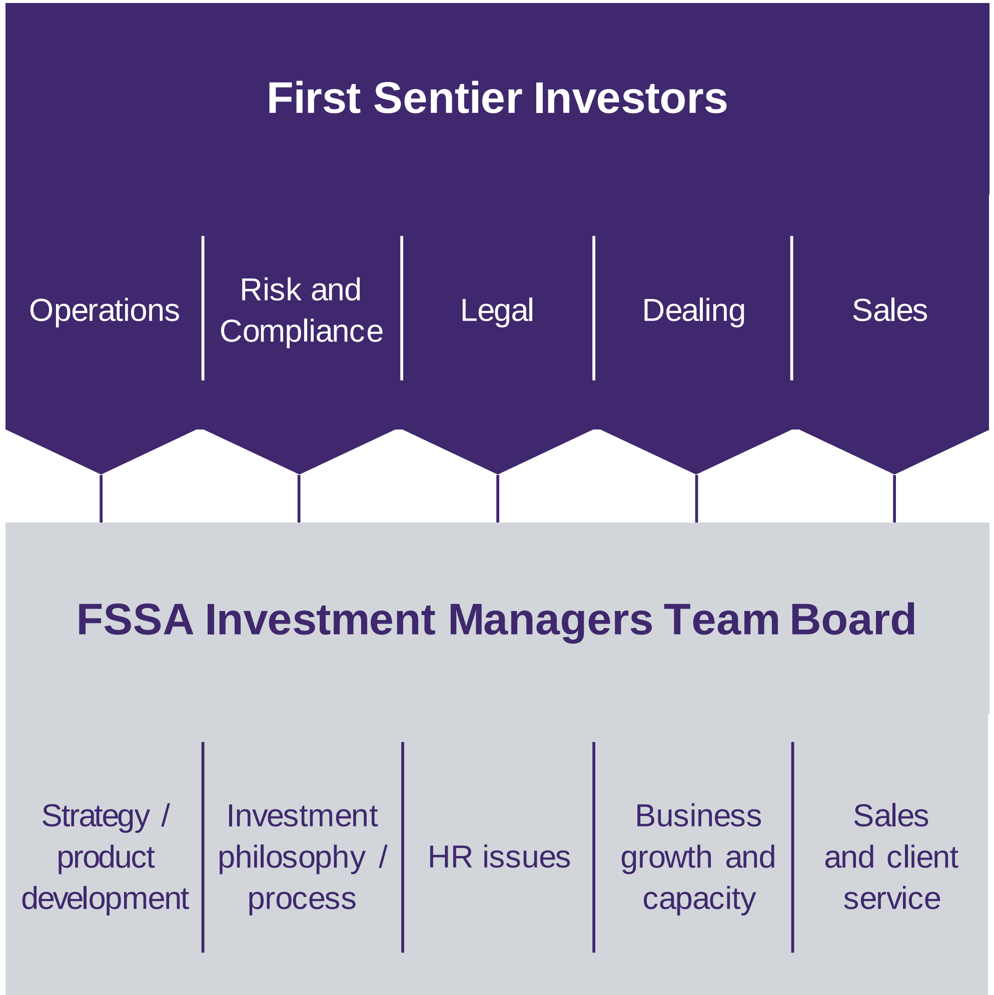
- FSSA Investment Managers is structured as an autonomous investment unit within First Sentier Investors, operating under a Team Board structure
- Team Board is responsible for all business decisions related to the day-to-day management of the team

Long-term mind-set and alignment

- Bonus compensation linked to three-year and five-year portfolio performance
- Long-term incentive is invested into client funds and vests after three years

Talent retention and social responsibility

- All team members share in the success of the team; proportion of profits distributed as long-term incentive



Team structure

Managing Partners: Martin Lau & Michael Stapleton

Portfolio management

Hong Kong	George Pickard	7/7	**Singapore**	Alistair Thompson	19/32
	Helen Chen	10/10		Angus Sandison	3/3
	Lily Ma	1/1		Azwa Salleh	1/14
	Martin Lau	20/27		Chao Xiang Chong	7/7
	Paul Jo	4/4		Masira Vasanwala	1/10
	Qimin Fei	3/8		Naren Gorthy	8/13
	Richard Jones	12/34		Rasmus Nemmoe	5/18
	Rizi Mohanty	6/11		Shivika Srimal	5/5
	Sang Hoon Bae	2/7		Sreevardhan Agarwal	8/8
	Ryoei Nagai	1/3		Vinay Agarwal	11/20
	Sophia Li	13/13			
	Tianyi Tang	5/7			
	Winston Ke	7/18			

Business management

Hong Kong	Bob Chen	1/14
	Jo Nhan	7/22
	Karen Choi	7/11
	Michael Stapleton	23/25
Edinburgh	Christina Robertson	7/11
	Fraser Wood	15/29
	Vicky Zhou	7/7

Portfolio Implementation

Hong Kong	Charlene Zheng	10/14
	Daphne Leung	1/15
	Henry Tjandra	1/6
	Ken Chung	4/14
	Vancy Leung	7/16

Team Assistants

Hong Kong	Carol Mau	0/17
	Mary Tung	10/24
	Vera Ha	8/27
Singapore	Christina Choo	15/43

Numbers against each name indicate years with firm/years of industry experience as at 30 September 2022

Important information

This document has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered and does not purport to be comprehensive. The views expressed are the views of the writer at the time of issue and may change over time. It does not constitute investment advice and/or a recommendation and should not be used as the basis of any investment decision. This document is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, units or other interests or to enter into an investment agreement. No person should rely on the content and/or act on the basis of any material contained in this document.

This document is confidential and must not be copied, reproduced, circulated or transmitted, in whole or in part, and in any form or by any means without our prior written consent. The information contained within this document has been obtained from sources that we believe to be reliable and accurate at the time of issue but no representation or warranty, express or implied, is made as to the fairness, accuracy, or completeness of the information. We do not accept any liability whatsoever for any loss arising directly or indirectly from any use of this information.

References to "we" or "us" are references to First Sentier Investors.

In the UK, issued by First Sentier Investors (UK) Funds Limited which is authorised and regulated by the Financial Conduct Authority (registration number 143359). Registered office Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB number 2294743. In the EEA, issued by First Sentier Investors (Ireland) Limited which is authorised and regulated in Ireland by the Central Bank of Ireland (registered number C182306) in connection with the activity of receiving and transmitting orders. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, Ireland number 629188.

Scottish Oriental Smaller Companies Trust plc ("Company") is an investment trust, incorporated in Scotland with registered number SC0156108, whose shares have been admitted to the Official List of the London Stock Exchange plc. The Company is an alternative investment fund and has appointed First Sentier Investors (UK) Funds Limited as the alternative investment fund manager for the Company. Further information is available from Client Services, First Sentier Investors (UK) Funds Limited, Finsbury Circus House, 15 Finsbury Circus, London, EC2M 7EB or by telephoning 0800 587 4141 between 9am and 5pm Monday to Friday or by visiting www.scottishoriental.com. Telephone calls with First Sentier Investors may be recorded.

First Sentier Investors entities referred to in this document are part of First Sentier Investors a member of MUFG, a global financial group. First Sentier Investors includes a number of entities in different jurisdictions. MUFG and its subsidiaries do not guarantee the performance of any investment or entity referred to in this document or the repayment of capital. Any investments referred to are not deposits or other liabilities of MUFG or its subsidiaries, and are subject to investment risk including loss of income and capital invested.