



# SCOTTISH ORIENTAL SMALLER COMPANIES TRUST PLC

## Investor Note

January 2021

*This is the eleventh semi-annual update on the Scottish Oriental Smaller Companies Trust plc ("The Trust" or "Scottish Oriental"). Our aim is to provide a general update on some of our current thoughts and views, insights about existing holdings, and changes to the portfolio over the period.*

### How we invest

Scottish Oriental is managed by the FSSA team, an autonomous investment management team within First Sentier Investors (formally known as First State Investments). The team manages a range of Asia Pacific equity strategies on behalf of institutional and wholesale clients globally, with offices in Hong Kong, Singapore and Edinburgh.

The Trust aims to achieve long term capital growth by investing mainly in smaller listed companies across the Asia region; that is companies with market capitalisations of below US\$5 billion, or the equivalent thereof, at the time of first investment.

We are conviction-based, bottom-up stock selectors who place a strong emphasis on high quality proprietary research. Our investment approach adopts an absolute return mind-set and is inherently conservative, focusing on capital preservation as well as capital growth. By focusing on the potential downside (not just the upside) when making any investment decision, the risk to long term client returns is significantly reduced. We are long term investors and prefer to invest in quality companies that we can hold on to for many years.

The most significant source of investment ideas for the portfolio comes through country and company visits. As a team, we conduct more than a thousand direct company meetings throughout the year, seeking to identify a small sub-set of quality companies that meet our investment criteria. We place a clear emphasis on frequent visits to countries in the Asia region and on meeting the management of those companies in which the Trust is invested, or might invest.

While cultural, political, economic and sectoral influences play an important part in the decision-making process, the availability of attractively-priced, good quality companies with solid long term growth prospects is the major determinant of Scottish Oriental's investment policy. Our country weightings bear no relationship to regional stock market indices and we do not consider ourselves obliged to hold investments in any individual market, sector or company. As a result, our asset allocation on a country and industry level is a residual of our stock selection process.

### Update

There have been a number of changes with Scottish Oriental over the past few months. Following discussions with the board, at the Trust's annual general meeting, we sought and were granted permission from shareholders to be allowed to invest in companies in Japan and Australasia i.e. Australia and New Zealand as well as for the market capitalisation limit for investments to be raised to US\$5 billion. At the time of writing we have not used this additional flexibility but we believe it will be beneficial to have such flexibility as and when opportunities present themselves. In terms of experience in these additional markets, as a team we have invested in Australasian companies for decades. Japan is a newer market to us. However, several years ago we started to study this market seriously and the result was that we launched a Japan fund which now has a five year track record of strong investment performance. This fund owns several small companies that have performed very well and we are currently examining these.

### RISK FACTORS

This document is a financial promotion for The Scottish Oriental Smaller Companies Trust Plc for professional clients only in the UK and Switzerland and elsewhere where lawful. Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Emerging market risk:** emerging markets may not provide the same level of investor protection as a developed market; they may involve a higher risk than investing in developed markets.
- **Currency risk:** changes in exchange rates will affect the value of assets which are denominated in other currencies.
- **Smaller companies risk:** investments in smaller companies may be riskier and more difficult to buy and sell than investments in larger companies.
- **Leverage risk:** the Trust may be leveraged due to: i) borrowings; or ii) the use of derivatives to hedge currency exposure. The amount of leverage employed is disclosed on the Trust's website from time to time. Higher leverage increases the potential risk of loss. Investment trust share prices may not fully reflect Net Asset Value.

Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company is merely to explain the investment strategy and should not be construed as investment advice or a recommendation to invest in any of those companies.

For a full description of the terms of investment and the risks please see the Investor Disclosure Statement.

**If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.**

The portfolio management team of Scottish Oriental has also been bolstered. With the agreement of the board, Martin Lau, joint managing partner of FSSA, has been appointed co-manager of Scottish Oriental. He has a strong connection with Scottish Oriental having held the co-manager role before and he worked closely with former manager Susie Rippingall for ten years when she was based in our Hong Kong office. Martin has always had a strong interest in smaller companies and runs both regional and Greater China “all-cap” portfolios. His depth of knowledge in north Asia will add to the strength of the portfolio management team. Additionally Sree Agarwal has been appointed a deputy manager of the Trust which formalises the role he has been fulfilling for some time. Both Sree and Martin are shareholders in Scottish Oriental. Vinay Agarwal remains lead manager and Scott McNab remains a deputy manager.

The stock market dislocation resulting from Covid-19 has created many buying opportunities in companies on our shopping list which we have taken advantage of. The Trust also undertook significant stock buybacks during the second half of 2020, buying back over one million shares, equivalent to almost 4% of the outstanding share capital as at the end of June 2020. The result is that Scottish Oriental is now nearly fully invested in a diversified portfolio of growing Asian businesses.

As bottom-up stock pickers we cherish meeting companies in their own offices as we can learn so much about the culture of an organisation from these visits. For the bulk of the last year such visits have not been possible with the collective team only making three investment trips during 2020. However we have built up strong relationships with company management teams over the years and the transition to video calls has been relatively seamless. We are thankful that in the midst of the pandemic, management teams have been able to make time for us to share their thoughts, answer our questions, and tell us how their businesses have responded to the challenges Covid-19 has brought. In the significant majority of cases we have been impressed.

We are fortunate that most team members are based in Hong Kong and Singapore where the pandemic has been managed well. While both of these office locations were closed for part of 2020, they have been open for most of the year allowing a semblance of normality to working patterns for the majority of the team. As a geographically diverse team we are used to video calls and these have continued throughout the year with a mixture of office-based and home-based dial-ins allowing the robust investment debate we thrive off to continue unabated.

We have also offered increased flexibility to the team in terms of working patterns which has been helpful for those that needed it. At the time of writing, seven members of the team who are normally based in our Hong Kong and Singapore offices are elsewhere – three in China, two in South Korea, one in Scotland, and one in Australia. As a bonus we expect the three that are in China to be able to meet some companies for us, something that is now a rare privilege. As 2021 continues, we are hopeful that such meetings will become routine again.

## Recent notable changes to the Scottish Oriental portfolio

The market dislocation resulting from Covid-19 offered up many buying opportunities during the period. As a result 15 new investments were made and eight holdings were sold. There are now 62 stocks held in the portfolio with Scottish Oriental being nearly fully invested.

Country weightings (%)	31-Dec-20	30-Jun-20
China	11.0	6.1
Hong Kong	6.0	7.9
Taiwan	4.1	3.4
<b>Greater China</b>	<b>21.1</b>	<b>17.4</b>
Bangladesh	1.5	1.8
India	37.1	38.0
Pakistan	0.9	1.3
Sri Lanka	0.0	0.6
<b>Indian subcontinent</b>	<b>39.5</b>	<b>41.7</b>
Indonesia	16.9	14.3
Malaysia	1.3	0.2
Philippines	11.5	13.0
Singapore	2.4	1.3
Thailand	1.2	0.0
Vietnam	2.9	2.4
<b>South East Asia</b>	<b>36.2</b>	<b>31.2</b>
South Korea	1.8	0.5
Cash	1.6	9.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source: First Sentier Investors as at 31 December 2020.

## Greater China

We increased Scottish Oriental's exposure to Greater China over the period. We added three new holdings in China. **Beijing Capital International Airport** is one of the two main airports to serve China's capital city, located on the north side of Beijing. The company's share price has been weak in recent years resulting from the commissioning of a new airport to the south of Beijing. More recently, Covid-19 disruption has seen a large fall in passenger numbers. However most major capital cities have multiple airports serving them and the airport's operations have rebounded strongly after a poor start to the year. We found its valuation attractive with its market capitalisation equivalent to the book cost of its underlying assets which is very rare for such a prime piece of infrastructure. **China Overseas Grand Ocean** is the leading property developer in a number of China's less developed tier three and tier four cities. It has a strong track record, healthy margins and a conservative balance sheet and has been increasing its dividend yield which is now at 6.6%. The sector is very much out of favour which allowed us the opportunity to initiate a position at well below book value. **Hisense Home Appliances** is the market leader in China's Central air conditioning industry. We expect the company to benefit from ownership reforms, ceasing to be state-controlled with improved capital allocation and a corresponding increase in profitability. It is very reasonably valued at ten times estimated price to earnings given its prospects. We also continued to build our positions in Chinese plastic pipe manufacturer **Zhejiang Weixing New Building Materials** and Taiwanese retail chain **Poya International**.

We sold one holding, gas distributor **Towngas China**. We had been reducing the position on concerns that the company was prioritising capital investment when we think it is time it focused on returns. The acquisition of a significant minority stake in Shanghai Gas at an expensive valuation hastened our desire to sell.

## Indian Subcontinent

Exposure to the Indian subcontinent was pared back during the period. 2020 was a tumultuous year for the Indian market with a very sharp sell off during March which was then followed by a rebound. The resulting rally has continued with the market reaching pre Covid-19 levels in November and continuing to rise. This created many opportunities over the year and we added significantly to the Trust's Indian holdings in the first six months of 2020. During this period we became sellers. However, the average return generated by Scottish Oriental's Indian holdings in the second half of the year was 32% so even with quite significant selling, the Indian weighting was almost maintained.

We initiated seven new positions in India during the period. **Emami Limited** is a leading fast moving consumer goods company with dominant market shares in several niche product categories such as balms, antiseptic creams and hair oils. Having been neglected somewhat by its founding families, management is being professionalised and the results are starting to show. We had already started reducing the position by the year end as the share price had almost doubled from when we first bought. We took a toehold position in **Gland Pharma** in its initial public offering. It is a leading producer of injectable drugs with a reputation for the highest quality standards. We bought **IIFL Wealth Management**, the leading wealth management platform in India. It has consistently gained market share due to its strong brand and by acquiring smaller platforms. It is likely to lead the consolidation in the industry over the long term. The Covid-19 disruption afforded us the opportunity to buy back **Kansai Nerolac Paints** which we sold a few years ago because of expensive valuations. It is one of India's leading paint producers with a strong presence in decorative paints and it is the leader in industrial and automotive paints. We initiated a position in **Kei Industries**, a cable manufacturer with an enviable track record and many further growth opportunities. We bought city gas distributor **Mahanagar Gas** which has a primary focus on selling compressed natural gas for vehicles. It has a strong track record and we believe a recent regulatory review now makes it an unattractive proposition for competitors to enter this market. Its valuations are very attractive. Finally we initiated a position in **Quess Corp**, the leading outsourced temporary staffing services provider in India which is a rapidly growing industry. Having been highly acquisitive in prior years, Quess ended up with too much debt and an inefficient structure. A new chief executive was hired in 2019 who has used his decades of experience at McKinsey to start to turn around the business. We are very positive. We also significantly added to beer producer **United Breweries** which has 52% market share in the under-penetrated Indian beer market. Its parent, Heineken, is focused on strengthening its market position further as several of its smaller competitors struggle due to the impact of the pandemic on the beer industry.

We exited four companies in India. Cement producer **ACC Limited**, chemicals company **BASF India** and branded food and beverage manufacturer **Tata Consumer Products** were sold following share price appreciation which led to expensive valuations. We also sold **Indian Hotels**. Having purchased the company on our positive impression of the new management team before the spread of Covid-19 we concluded that it will be quite some time before the business normalises. In addition to these sales we significantly reduced the Trust's holdings in cement producer **Ambuja Cements**, motorcycle manufacturer **Eicher Motors**, operator of offshore vessels, tankers and bulk carriers **Great Eastern Shipping**, diagnostic company **Metropolis Healthcare**, IT outsourcer **Mphasis**, and IT outsourcer **Zensar Technologies**. All of these reductions were driven by strong share price performance. We also reduced bearings manufacturer **SKF India** which has been losing market share and does not warrant such a large position in the Trust.

Elsewhere in the subcontinent we sold Pakistani automaker **Pak Suzuki Motor**, preferring to focus our attention on its more successful counterpart **Indus Motors**. And we exited Sri Lanka's **Hatton National Bank**. This bank has been a poor investment for the Trust. Although we believe it is the best bank in Sri Lanka, there is no escaping the Sri Lankan economy. And Covid-19 has only made things worse so we felt it was best to take our medicine and put the proceeds to work in companies with stronger long term prospects elsewhere.

## South East Asia

Scottish Oriental's South East Asian weighting increased over the period with the bulk of this as a result of additions in Indonesia. We added to three existing holdings – home improvement store operator **Ace Hardware**, Pizza Hut franchisee **Sarimelati Kencana**, and **Mitra Adiperkasa**, an operator of franchises in food & beverage, department stores, sportswear and fashion apparel. We believe all three will come out of this crisis stronger as a result of improved competitive dynamics. We also made one new investment for the Trust. **Uni-Charm Indonesia** occupies the leading position in nappies and feminine hygiene productions in Indonesia. The company's profitability has historically been low as a result of aggressive competition by the second largest operator Softex which was owned by private equity. Recently this competitor was acquired by Kimberly-Clark for US\$ 1.2 billion. Uni-Charm Indonesia has revenues that are 40% higher than Softex yet its market capitalisation is only US\$ 440 million. We expect Kimberly-Clark will need to be less aggressive on pricing to make its investment pay and we expect significant improvements to industry profitability as a result.

In Malaysia we exited auto component manufacturer **APM Automotive** where we were increasingly concerned about poor capital allocation by management and a resulting lack of focus. We also initiated a new position in **Mr DIY**, Malaysia's leading home improvement store. Sourcing directly from manufacturers rather than middlemen and with a steely focus on low prices, Mr DIY has gained significant market share from smaller stores. The resulting scale has given the company increased purchasing power allowing it to negotiate lower prices from its suppliers which it has passed onto customers further solidifying its advantage. As the company has grown it has widened its product offering into general merchandise which is enabling further growth.

In the Philippines we trimmed the Trust's holding in branded food company **Century Pacific Food**. The company has performed well during 2020 as a result of increased demand for tinned food which led to an increased valuation for its shares. We retain a significant position.

In Singapore we made one new investment. **Credit Bureau Asia** operates a near monopoly in credit bureau services in Singapore, Cambodia and Myanmar. It has Equifax and Dun & Bradstreet as its partners and should continue to grow for the foreseeable future as credit penetration increases and with it the demand for credit references and searches.

Finally, in Thailand we purchased **TISCO Financial**. TISCO has a leading position in the auto financing segment in Thailand. It has historically been an extremely conservative lender, with a focus on improving its margins and return on assets, instead of aggressively growing its loan portfolio. Therefore, its return on assets is among the highest in the industry. Its share price had been weak as Thailand's central bank ordered all banks to suspend dividends. We took advantage of this share price weakness to buy at an attractive valuation. The central bank has since relented on this mandate.

## South Korea

The Trust's exposure to South Korea edged up over the period. We continued to build the position in payment gateway provider **NHN KCP**. We also bought a toehold position in **Leeno Industrial** which produces pins and sockets used in testing printed circuit boards and integrated circuits. The company has achieved incredibly high margins with its focus on vertical integration and developing its own proprietary technology. Scottish Oriental previously owned a small position, selling after the share price rose but we have continued to engage with the company and are even more impressed with the strength of its franchise.

## Top 10 holdings

Stock name	% of net assets
Godrej Industries	3.3
Uni-President China	3.3
Selamat Sempurna	3.3
Colgate-Palmolive India	3.2
Mitra Adiperkasa	3.1
Mahindra CIE Automotive	2.8
Sarimelati Kencana	2.8
Philippine Seven	2.8
Emami	2.5
Century Pacific Food	2.5
<b>Total</b>	<b>29.6</b>

Source: First Sentier Investors as at 31 December 2020.

## Scottish Oriental investment performance

We invest with a long term, that is a three-to-five year mind-set, if not longer, and we hope to be measured over a similar time period. However, we are aware that the long term is made up of several short and medium terms and sometimes it can be helpful to look at what has driven recent performance.

### Annual Performance

Time Period	1 yr to Dec 20	1 yr to Dec 19	1 yr to Dec 18	1 yr to Dec 17	1 yr to Dec 16
NAV %*	2.5	0.9	-8.6	13.9	23.0
Asia Index** %	21.5	13.9	-8.8	29.8	26.2
Small Cap Index*** %	22.7	3.4	-13.6	22.3	16.8
Share Price %	-1.8	3.1	-8.6	15.6	23.7

\* Capital only return

\*\* MSCI AC Asia (ex Japan) Index

\*\*\* MSCI AC Asia (ex Japan) Small Cap Index

	3mth	6 mth	1 year	3 years	5 years	10 years
NAV	10.9	15.6	2.5	-5.5	32.4	73.8
NAV – total return	11.1	16.3	3.5	-2.5	39.7	96.7
Asia Index*	12.2	18.8	21.5	26.3	106.7	121.1
Small Cap Index**	13.2	22.3	22.7	9.7	56.7	59.3
Share Price	11.4	19.3	-1.8	-7.5	32.2	58.3
Share Price – total return	12.7	20.7	-0.7	-4.1	40.5	81.3

Source: First Sentier Investors. As at 31 December 2020.

\* MSCI AC Asia (ex Japan) Index

\*\* MSCI Asia (ex Japan) Small Cap Index

## Six month performance

Stock markets perplexed us again in the second half of 2020. Having been surprised at the strength of the rebound from March's lows with markets ending the first half of the year barely down, we were further confused that most stock markets kept going up and ended the year at all-time highs. This is not the stock market performance that we would expect to see during a global pandemic but the impact of fiscal and monetary stimulus has been significant.

Within Asia, all markets rose over the second half of the year when measured in sterling with the exception of Thailand. South Korea was the best performing market, rising more than 40% in sterling terms. Taiwan and India were also particularly strong. Hong Kong and South East Asia were relatively weak.

Scottish Oriental's holdings in India, Malaysia, South Korea, Taiwan, Thailand and Vietnam produced strong returns. Unfortunately with the exception of India these countries have small weightings for the Trust. By contrast Scottish Oriental's investments in Hong Kong, Indonesia and the Philippines performed poorly with the latter two unfortunately representing the Trust's second and third largest country weightings. We are bottom up stock pickers and we see little to concern us with our favoured companies in these markets. It appears that they have been left behind somewhat on a liquidity driven rally that has favoured larger markets.

## What helped

At a stock level, six of the top ten contributing stocks were Indian. **Mphasis** was the top contributor as it continued to outgrow its peers and win new clients. **Emami** was the second best contributor, with the stock rebounding shortly after we bought it as the impact of India's lockdown proved to be temporary for the company. Air conditioning and refrigeration company **Blue Star** was the third best contributor with its sales recovering and the company returning to profitability. The three other Indian holdings in the top ten contributors were real estate developers **Obero Realty** and **Mahindra Lifespaces** which should both benefit in the long term as weaker competitors have floundered over the past year, and also auto components manufacturer **Mahindra CIE** which saw a strong rebound in revenues and a return to profitability.

The other top contributors were **Mr DIY** which saw strong demand for its shares following its IPO as its stores continued to trade well; **Zhejiang Weixing New Building Materials** which saw strong growth as demand normalised in China; Taiwanese cable and connector manufacturer **Sinbon Electronics** which reported good results and has continued to grow strongly, particularly in its medical and green energy segments; and Indonesian filtration systems provider **Selamat Sempurna** which saw improved profitability and benefited from less competition during the pandemic.

## What hurt

The biggest detractor from performance was Scottish Oriental's holdings in Indonesia with **Sarimelati Kencana**, **Mitra Adiperkasa**, and retailer, **Hero Supermarket** all weakening on heightened restrictions as Covid-19 cases continued to rise in Indonesia.

The largest detractor for performance for the period was convenience store operator **Philippine Seven** which has been impacted by a reduction in impulse spending. It is responding by revamping its store offering to include more fresh foods and other such daily necessities. Some of the other weaker performers were more defensive companies that, having held up in the earlier part of the year, lagged during the market rally. These included noodle and beverage manufacturer **Uni-President China**, Hong Kong-listed non-alcoholic beverage producer **Vitasoy**, and Indian conglomerate **Godrej Industries** whose stake in fast moving consumer company Godrej Consumer Products comprises the largest part of its net asset value.

The other three main detractors from performance were Bangladeshi mortgage provider **Delta Brac Housing Finance** which fell on a weakening outlook for the Bangladesh economy; and **China Overseas Grand Ocean** as well as **Poya**, both of which fell for no fundamental reason. As we were buyers of the latter two during the period, this is no bad thing. A recent call with Delta Brac's new CEO has further convinced us on the quality of the company and the long term opportunity for it.

## One year performance

Investment performance for 2020 was disappointing. Again, the geographical allocation that has resulted from our bottom up stock selection has not helped. The three strongest performing markets during 2020 were South Korea, Taiwan and China. Scottish Oriental has relatively few investments in these markets. South East Asia was weak with Indonesia, the Philippines, Singapore and Thailand all falling over 2020. Manufacturing based economies performed better in 2020 than those that are more dependent on tourism and domestic consumption.

## What helped

Five of the top ten contributors to performance over the full year were the same as those for six months with these companies being **Sinbon Electronics, Emami, Mphasis, Mr DIY, and Zhejiang Weixing New Building Materials**.

Two of the top contributors were sold during the period. **ACC Limited** was purchased opportunistically after the sharp market falls and quickly rebounded. **Tata Consumer Products** performed strongly on a combination of good results, pantry stocking and expectations that its new chief executive will be as successful here as he was at Whirlpool India.

The other three companies that contributed the most to performance were **Century Pacific Food, Ambuja Cements** and **Universal Robina**. The latter two were purchased after the sharp market falls, quickly rebounding and, as previously mentioned, Century Pacific Food benefited from demand for its tinned food during 2020.

## What hurt

Two of the largest detractors from performance over the full year were the same as those for six months being **Philippine Seven** and **Mitra Adiperkasa**. We sold three of the ten largest detractors in the first half of 2020 when we concluded that their investment cases were significantly hampered by the emergence of Covid-19. These three companies are **Mahindra & Mahindra Financial Services, Raffles Medical** and **Indian Hotels**. We also sold a fourth of the ten largest detractors this period, **Towngas China**, which fell with the market in March but did not recover on account of lacklustre results.

The other four detractors were Philippine casual dining restaurant operator **Max's Group** which was badly affected by the Philippines' lockdown with all its restaurants shut at one point; **SKF India** which was impacted by lower industrial demand; **Blue Star** which lost a large part of its key summer season as a result of India's lockdown – although the share price has recovered strongly, it ended the year lower overall; and **Haw Par** which declined alongside United Overseas Bank from which it derives the bulk of its value and also saw its Tiger Balm brand hampered by a lack of travel with much of its revenues coming from airport sales.

## Outlook and conclusion

We remain perplexed about stock markets which, having shaken off concerns about a global recession triggered by a pandemic, collectively rose by more than 20% in 2020. Many companies that we thought were grossly overvalued six months ago have risen further. However, Scottish Oriental is now nearly fully invested. We have found opportunities this period in companies that have been left behind in the market rally despite their outlook being more certain. The Trust has also bought back a significant portion of its shares which has effectively concentrated the portfolio into existing holdings.

There have been some changes to our working practices over the last year but our investment process has remained unchanged. We have continued to meet with company management teams but for now, these are almost exclusively "virtual" meetings. The portfolio remains focused on companies in India, Indonesia and the Philippines where we have found quality franchises with strong management teams and many years of growth ahead of them. We believe these are large companies in the making but currently with small market capitalisations. We find some of the valuations of Scottish Oriental's companies, particularly in Indonesia and the Philippines, surprising as they appear, to us, to be cheap in a world where much seems overpriced. We have also added notably to China this period having identified a number of companies that we believe to be underpriced given their growth outlook.

We do not know what 2021 will bring for stock markets or for Scottish Oriental but there are some reasons to be positive. The speed of vaccine rollout should accelerate and with it a resumption of more normal economic activity. Many of our companies have been heavily stress-tested over the past year and have come through 2020 with flying colours. We tend to favour the strongest company in a sector so the same cannot always be said for these companies' competitors. Therefore we believe the market position of most of the Trust's holdings has strengthened. We have seen a number of companies that prudently suspended dividends early in the crisis reinstate them and this is reflective of the lack of financial stress in the portfolio. We would prefer for the overall portfolio to be more cheaply valued but given how low interest rates remain we feel it offers reasonable value. It is difficult to see a situation where central banks significantly tighten monetary policy but this is probably now the biggest risk to Scottish Oriental. In such a situation the Trust's conservatively financed portfolio companies would be unlikely to come under duress but there would be concern on sustainability of valuations. As always we hope to generate absolute returns with Scottish Oriental's portfolio and we also expect to preserve purchasing power in real terms. We will continue to endeavour to do this in 2021 no matter what the year brings.

We trust this update has given you a better understanding of the companies that Scottish Oriental invests in. We would welcome feedback on whether it has been helpful as well as what you would be interested in reading about in the future.

### Important Information

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