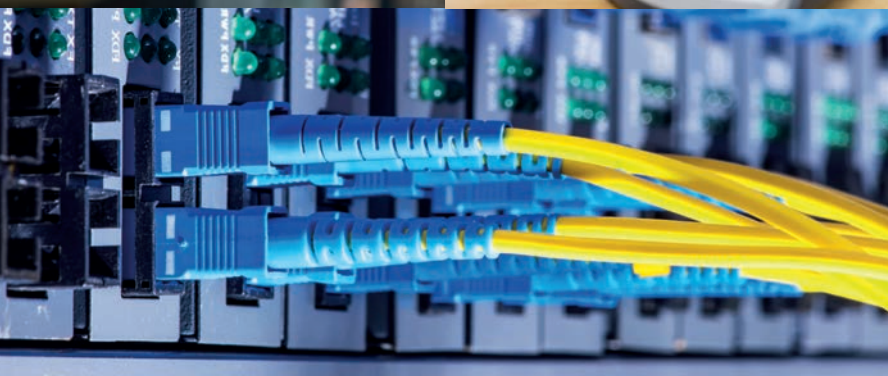


Dunedin



Dunedin Enterprise Investment Trust PLC Annual Report & Accounts 2019

Dunedin Enterprise Investment Trust PLC specialises in the provision of private equity finance. Private equity is medium to long term finance provided in return for an equity stake in established, potentially high growth, private companies.

The Company's investment objective is to conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to shareholders.

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Financial Highlights

Year to 31 December 2019

Net asset value total return per ordinary share

14.4%

6.4% 2018

Share price total return per ordinary share

23.6%

9.4% 2018

Dividend per ordinary share

5.0p

2.0p 2018

Ongoing charges

1.2%

1.5% 2018

At 31 December 2019

Net asset value per ordinary share

444.4p

412.9p 2018

Share price

376p

328p 2018

Discount

15.4%

20.6% 2018

Returned to shareholders since 2012

£114.6m^{*}

£109.0m 2018

* – in 2011 the investment policy of the Company was changed and distribution policy introduced

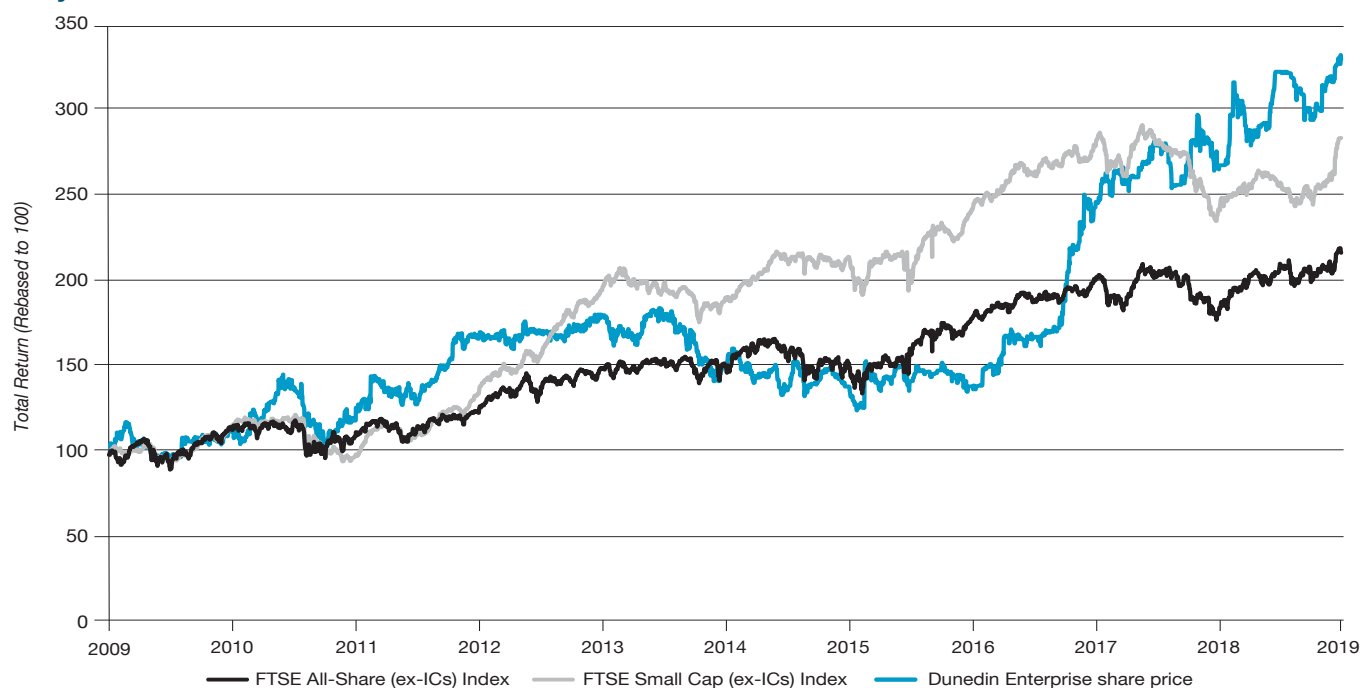
Comparative Total Return Performance

	One year to December 2019 %	Three years to December 2019 %	Five years to December 2019 %	Ten years to December 2019 %
Net asset value per ordinary share	14.4	50.8	54.8	113.0
Share price	23.6	134.7	117.1	227.2
FTSE Small Cap Index ("the Benchmark")	17.7	17.3	49.1	182.2
FTSE All-Share Index	19.0	21.3	42.7	116.1

Total Assets and Cash Returned to Shareholders

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m
Analysis of total assets:								
Dunedin managed	76.5	75.1	84.0	93.1	81.5	57.2	64.8	75.9
European Funds	24.9	12.9	12.7	16.0	22.0	9.6	10.2	4.4
Other	2.2	1.2	0.8	0.4	0.4	1.5	6.1	1.3
Cash	33.9	27.9	9.9	0.6	1.1	32.9	5.7	12.3
Total assets	137.5	117.1	107.4	110.1	105.0	101.2	86.8	93.9
Cash returned to shareholders:								
Capital returned	21.1	18.0	5.2	0.7	–	20.6	20.6	5.2
Dividends paid	5.7	1.7	3.6	1.0	3.3	6.4	1.1	0.4
Return to shareholders	26.8	19.7	8.8	1.7	3.3	27.0	21.7	5.6
Cumulative return to shareholders	26.8	46.5	55.3	57.0	60.3	87.3	109.0	114.6

Ten year record



Chairman's Statement

Duncan Budge, Chairman



In the year to 31 December 2019 your Company's net asset value total return was 14.4%, generated principally from valuation uplifts.

The relative share price performance was pleasing with a total return to shareholders of 23.6%. This was boosted by a return of capital to shareholders of 25p per share in June and the payment of a 2.0p dividend.

The Company's net asset value per share increased from 412.9p to 444.4p during the year after taking account of the return of capital and dividends. Since 2012, following the change of investment policy, a total of £115m has been returned to shareholders.

The discount at which the shares trade was 15.4% at the end of the year, based on a net asset value per share of 444.4p and a share price of 376p.

The share price has suffered during the very severe dislocation in the stock market resulting from the coronavirus; the share price at the date of this statement was 255p.

Portfolio

No new investments were made during the year. There were follow-on investments made in GPS, CitySprint and EV. During the year a recapitalisation was undertaken at both FRA and Kingsbridge which resulted in proceeds being distributed to Dunedin Enterprise. There were two realisations from the Realza portfolio – Litalsa and Quimi Romar.

Overall the trading performance of our portfolio companies has been strong during the year. Unrealised valuation increases of £24.9m were partially offset by decreases of £12.8m. Valuation uplifts were achieved by FRA, RED, GPS, U-POL, Formaplex and EV, all of which are trading well as a result of strong organic growth. The most significant valuation reduction in the year to 31 December 2019 was the decline of £6.4m in the value of the holding in CitySprint.

Following the successful realisation of our investment in Kingsbridge (the provider of insurance services to contractors) in March this year, we have re-valued this investment as at 31 December 2019 at £10.4m being the expected proceeds from the sale. This represents an uplift of £5.7m during the year after also taking account of the return of £3.2m on a re-financing in February 2019. The investment was originally made in May 2016 at a cost of £4.2m. Although the transaction includes a two year earn-out which may generate further proceeds for the Company, no value has been placed on this. Completion of the transaction is subject to regulatory approval.

Commitments & Liquidity

At the year end the Company had outstanding commitments to limited partnership funds of £22.2m, which consisted of £21.5m to Dunedin managed funds and £0.7m to Realza, the one remaining European fund. Assuming these funds are held to maturity, it is estimated that only some £12.2m of this total outstanding commitment will be drawn over the remaining life of the funds.

The investment periods of all funds to which the Company has made a commitment have now ended. In future we are only required to meet drawdowns for follow-on investments, management fees and ongoing expenses during the remainder of the life of the funds.

At 31 December 2019 the Company held cash balances of £12.3m. In addition, we renewed our revolving credit facility at the lower level of £5m; this was undrawn at 31 December 2019 and is available until 31 May 2020. The Board and the Manager keep the cash and commitment position under regular review. It is the Board's intention to extend the revolving credit facility by a further year.

B Share Scheme

Shareholders received a return of capital via the B Share Scheme during the year, representing £5.2m or 25p per share following the re-financings at FRA and Kingsbridge, and the realisation of Litalisa.

This was achieved by way of the issue of 25 B Shares of 1p for every one ordinary share held. The B shares were immediately redeemed and proceeds of £5.2m were distributed to shareholders on 26 June 2019.

Dividends

It is proposed that a final dividend of 5.0p per share be paid on 15 May 2020. This will distribute to shareholders the net profit generated by the Company during 2019.

Board

In view of his other commitments, Michael Meyer Jensen has decided not to stand for re-election at the Annual General Meeting on 6 May 2020. We are grateful to him for his significant contribution and wish him well for the future.

Outlook

Although the uncertainty created by the spread of coronavirus will continue to cause significant dislocation, the extent of this remains unpredictable. Our portfolio companies are making contingency plans wherever possible to address this threat.

Although the UK has formally left the EU there remains significant uncertainty regarding the ongoing relationship that the UK will have with the EU. While the Board does not expect there to be any significant impact from Brexit on the operations of the Company itself, each of our portfolio companies are preparing for the likely outcomes as Brexit negotiations continue.

More generally, the Board welcomes the continued strong trading performance of a number of portfolio companies during the year under review. We also welcome the returns which have been delivered for shareholders by the underlying investment performance of the portfolio and the return of capital. We will continue to return capital to shareholders whenever practicable following realisations of investments.

Duncan Budge

Chairman

25 March 2020

Board of Directors



Duncan Budge (64)

Status: Independent Non-Executive Director and Chairman of the Board, Nomination Committee and Management Engagement Committee

Length of service: Appointed a Director on 2 April 2012 and became Chairman on 14 May 2014

Last re-elected to the Board: 8 May 2019

Experience: Duncan Budge was an Executive Director and Chief Operating Officer of RIT Capital Partners plc ("RIT") between 1995 and 2011. He was previously a director of J. Rothschild Capital Management Limited, a wholly owned subsidiary of RIT. He also spent six years with Lazard Brothers & Co. Ltd

Committee membership: Audit Committee, Nomination Committee and Management Engagement Committee

All other public company directorships: Artemis Alpha Trust plc (Chairman), Lowland Investment Company plc, Biopharma Credit plc and Menhaden Capital plc

Other directorships: Asset Value Investors Limited

Employment by the Manager: None

Other connections with Company or Manager: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 52,850 Shares



Brian Finlayson (72)

Status: Independent Non-Executive Director

Length of service: Appointed a Director on 1 January 2007

Last re-elected to the Board: 8 May 2019

Experience: Brian Finlayson was appointed to the Board on 1 January 2007 and has served as an Independent Non-Executive Director for more than nine years. He has over thirty years of experience in both private equity and corporate finance. He worked with Dunedin Capital Partners Limited before retiring from the company in 2002. He has held numerous non-executive director positions in private equity backed businesses both whilst unlisted and subsequently on listing. Please refer to page 28 for the Board's assessment of Brian Finlayson's independence

Committee membership: Audit Committee, Nomination Committee and Management Engagement Committee

All other public company directorships: None

Other directorships: None

Employment by the Manager: None

Other connections with Company or Manager: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 164,420 Shares

**Angela Lane (57)**

Status: Independent Non-Executive Director, Chairman of the Audit Committee and Senior Independent Director

Length of service: Appointed a Director on 1 June 2015

Last re-elected to the Board: 8 May 2019

Experience: Angela Lane has worked as an independent director and adviser to a number of private companies and private equity firms. Previously Angela spent 18 years working in private equity at 3i after qualifying as an ACA at PwC. Angela has extensive experience of business and financial services, healthcare, travel and aviation, media, consumer goods and infrastructure

Committee membership: Audit Committee, Nomination Committee and Management Engagement Committee

All other public company directorships: Pacific Horizon Investment Trust PLC

Other directorships: Huntswood CTC (Chairman)

Employment by the Manager: None

Other connections with Company or Manager: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 34,712 Shares

**Michael Meyer Jensen (39)**

Status: Independent Non-Executive Director

Length of service: Appointed a Director on 11 May 2017.

Last re-elected to the Board: 8 May 2019. Michael is not seeking re-election at the AGM

Experience: Michael was employed by Lind Invest as an investment manager until 29 February 2020. Michael has experience of investing in private equity funds, including in listed private equity companies and the secondary market

Committee membership: Audit Committee, Nomination Committee and Management Engagement Committee

All other public company directorships: None

Other directorships: None

Employment by the Manager: None

Other connections with Company or Manager: Lind Invest is an independent Danish investment group which currently holds an interest of 16.9% in the Company

Shared Directorships with any other Company Directors: None

Shareholding in Company: 21,900 Shares

The Manager

The Company is an Alternative Investment Fund (AIF) under the EU's Alternative Investment Fund Managers' Directive ("AIFMD"). Its Alternative Investment Fund Manager ("AIFM") is Dunedin LLP. Dunedin LLP became a full scope AIFM on 25 May 2016.

In addition to the Company, Dunedin manages three limited partnership funds and a European fund of funds. The Company committed £60m to Dunedin's most recent £306m fund, Dunedin Buyout Fund III LP in 2012, representing a 20% interest.

Dunedin provides equity and debt finance for management buyouts and management buyins with a transaction size of £20m – £100m. It is an independent private equity house, owned by the partners, operating throughout the UK from offices in Edinburgh and London. It has an investment team comprising twelve investment professionals. Six of the partners have worked together for more than seventeen years, giving it an unrivalled depth of experience in the UK lower mid-market buyout market.

Dunedin focuses on a number of sectors, using its depth of knowledge to understand the market drivers and to build relationships with management teams, key industry participants and influencers. The firm has particular expertise in the industrial, business services and financial services sectors, completing 62 portfolio follow-on acquisitions since 2011 to drive the growth and internationalisation of its investee businesses.

Dunedin targets buyout investments where it can partner with management teams to build better businesses. Dunedin provides the knowledge, skills and finance to help the companies it backs to develop and attain their full potential. It targets businesses with many of the following characteristics:

- Proven management team with the desire to create and deliver value
- Strong market position, niche or brand
- Clear organic growth potential
- Internationalisation opportunities
- Potential for buy and build or roll-out
- Barriers to entry
- Legislation-driven products or services

Dunedin is authorised and regulated by the Financial Conduct Authority.

Manager's Review

The total net asset return to shareholders in the year to 31 December 2019 was 14.4%. This is stated after taking account of a final dividend for 2018 of 2p (paid in May 2019) and a B share redemption equivalent in total of 25p (paid in June 2019).

The net asset value per share in the year to 31 December 2019 increased from 412.9p to 444.4p.

The Company's net asset value increased from £85.2m to £91.7m over the year. As detailed below this movement is stated following a dividend payment of £0.4m and capital of £5.2m returned to shareholders via the issue and redemption of B shares in June 2019.

	£m
Net asset value at 1 January 2019	85.2
Unrealised value increases	24.9
Unrealised value decreases	(12.8)
Realised gain over opening valuation	(0.8)
Net income and capital movements	0.8
Net asset value prior to shareholder distributions	97.3
Dividends paid to shareholders	(0.4)
B share redemption	(5.2)
Net asset value at 31 December 2019	91.7

Portfolio Composition

The investment portfolio can be analysed as shown in the table below.

	Valuation at 1 January 2019 £'m	Additions in year £'m	Disposals in year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 31 December 2019 ¹ £'m
Dunedin managed	64.8	2.7	(3.4)	(0.8)	12.6	75.9
Third party managed	10.5	0.1	(5.5)	–	(0.5)	4.6
Investment portfolio	75.3	2.8	(8.9)	(0.8)	12.1	80.5
AAA rated money market funds	2.1	12.9	(6.4)	–	–	8.6
	77.4	15.7	(15.3)	(0.8)	12.1	89.1

¹ in addition the Company held net current assets of £2.6m

Investment Activity

In the year to 31 December 2019 a total of £2.8m was invested in portfolio companies. An investment of £1.0m was made in GPS, the market leader in payment processing technology, to facilitate further investment in GPS's payments processing platform. A further £0.7m was invested in CitySprint, the same day courier, to provide working capital support as the company faced increased competition in a low growth market. There was also a follow-on investment of £0.3m made in EV, the provider of high performance ruggedised video cameras for the oil and gas industry, to support the ongoing development of EV's camera fleet.

A further £0.8m was drawn down by Dunedin and third-party managed funds to meet management fees and ongoing expenses.

Realisations

In the year to 31 December 2019 a total of £8.9m was realised from the portfolio of investments.

In January 2019 Litala, an investment held within the Realza portfolio, was realised. Litala is a leading independent provider of printing and varnishing services for metal can and closure manufacturers in Spain. Total proceeds from the sale amounted to £3.9m (€4.5m). The original cost of the investment in Litala was £1.4m (€1.9m) and, over its life, a total of £3.9m (€4.5m) will have been received by Dunedin Enterprise representing a 2.9 times return.

In August 2019, there was a further realisation from the Realza portfolio, Quimi Romar, the manufacturer of household cleaning and personal care products. Proceeds of £1.5m (€1.6m) were received which represent a return of 1.2 times original cost.

During the year there were two re-financings undertaken at portfolio companies following a period of strong trading. In January 2019 a re-financing of FRA, the provider of forensic accounting, data analytics and e-discovery expertise, was completed. A total of £1.8m was received by Dunedin Enterprise consisting of £1.1m capital and £0.7m income. In February 2019 a re-financing of Kingsbridge, the provider of insurance services to contractors, was completed. A total of £3.2m was received by Dunedin Enterprise consisting of £2.3m capital and £0.9m income.

After the year end in February 2020 a further re-financing of FRA was completed. A total of £4.0m was received by Dunedin Enterprise, consisting of £3.5m capital and £0.5m income.

Following a successful realisation of the investment in Kingsbridge (the provider of insurance services to contractors) in March this year, this investment has been re-valued as at 31 December 2019 at £10.4m being the expected proceeds from the sale. This represents an uplift of £5.7m during the year after also taking account of the return of £3.2m on a re-financing in February 2019. The investment was originally made in May 2016 at a cost of £4.2m. Although the transaction includes a two year earn-out which may generate further proceeds for the Company, no value has been placed on this. Completion of the transaction is subject to regulatory approval.

Unrealised valuation uplifts

In the year to 31 December 2019 there were valuation uplifts generated from the following investments: FRA (£6.7m), Kingsbridge (£5.7m), RED (£4.8m), GPS (£2.8m), U-POL (£2.3m), Formaplex (£1.9m) and EV (£1.2m).

FRA has achieved a 49% increase in maintainable EBITDA (maintainable EBITDA being EBITDA for the last twelve months adjusted for exceptional items) in the year. The company continues to experience a strong demand for its services with a robust pipeline of new projects. During 2019 FRA opened an office in Stockholm further expanding its global footprint.

Red, the supplier of SAP software experts on both a contract and permanent basis, has performed strongly in the year with a 59% increase in maintainable EBITDA. The contracting division continues to perform well in the UK, Germany and US markets. New business written in the current year is 18% up on the same period last year.

As noted above Kingsbridge was realised following the year end generating an uplift of £5.7m during the year.

During the year GPS showed significant growth in both revenue and maintainable EBITDA. Record levels of new business have been achieved and the global reach of the business has increased with expansion into both Singapore and Australia. The strong trading performance has allowed GPS to be valued on a revenue basis, whereas previously the investment was valued at cost.

U-Pol, the manufacturer of automotive refinish products including body fillers, coatings, aerosols, polishing compounds and components, has achieved an 18% increase in maintainable EBITDA during the year. Performance in the year has been boosted by a new UK sales team and sales to two significant US retailers.

Formaplex, the provider of tooling and lightweight components, has seen profits recover strongly in the year. This has been achieved by winning new contracts in the components division and improved cost control. The sales pipeline is strong with more than 90% of 2019/20 sales covered by confirmed orders. The improved maintainable EBITDA has allowed Formaplex to be valued on an earnings basis rather than a net assets basis.

Unrealised valuation reductions

The most significant valuation reduction in the year to 31 December 2019 was at CitySprint (£6.4m). There were also valuation reductions at Incremental (£1.5m) and Hawksford (£1.1m).

CitySprint, the same day courier, experienced difficult trading during 2019 due to increased competition in a low growth market and the loss of a significant customer. This has impacted maintainable EBITDA which reduced by 43% in the year. Both the company's new management team and the institutional investors are proactively taking steps to manage costs within the business and return CitySprint to historic levels of profitability.

Revenue at Incremental has shown an increase during the year. However, there has been accelerated investment in both billable and non-billable staff to support future growth in the business. A provision has been made against this investment reflecting the higher cost base in the business and fall in profitability. The pipeline of new business is strong and the focus in 2020 is to convert the order pipeline into billable work.

Hawksford continues to progress but has suffered from exceptional costs of change which has impacted valuation. These costs are not expected to continue.

Cash and commitments

The Company had outstanding commitments to limited partnership funds of £22.2m. The outstanding commitment position consisted of £21.5m to Dunedin managed funds and £0.7m to Realza, the one remaining European fund. Assuming these funds are held to maturity, it is estimated that only some £12.2m of this total outstanding commitment will be drawn over the remaining life of the funds.

The original investment periods of all funds to which the Company has made a commitment have now ended. In future the Company will only be required to meet drawdowns for follow-on investments, management fees and expenses during the remainder of the life of the funds.

The Company has a revolving credit facility with Lloyds Bank of £5m which was undrawn at 31 December 2019 and is available until 31 May 2020. The Board and the Manager keep the cash and commitment position under regular review. It is the Board's intention to extend the revolving credit facility by a further year.

Coronavirus

The coronavirus is creating significant disruption around the world which, to varying degrees, will have an impact on each of the portfolio companies. Your Manager has representation on the Board of each portfolio company. Regular contact is being maintained with the portfolio companies to understand the impact of the coronavirus on their trading and financial stability. Each portfolio company is developing a contingency plan to mitigate the impact of the coronavirus. These contingency plans will evolve as the impact of the coronavirus becomes clearer. It is not possible at the date of this Manager's Review to fully assess the impact of the coronavirus on the portfolio companies.

Brexit

Your Manager has a representative on the Board of each Dunedin managed portfolio company. The board of each portfolio company meets regularly and continues to assess the impact of Brexit on their business, developing contingency plans to mitigate a variety of Brexit scenarios. These plans are kept under constant review as the outcome of the Brexit negotiations evolve.

Valuations and Gearing

The average earnings multiple applied in the valuation of the Dunedin managed portfolio was 9.1x EBITDA

(2018: 9.6x). These multiples continue to be applied to maintainable profits.

Within the Dunedin managed portfolio, the weighted average gearing of the companies was 2.8x EBITDA (2018: 2.7x).

Analysing the portfolio gearing in more detail, the percentage of investment value represented by different gearing levels was as follows:

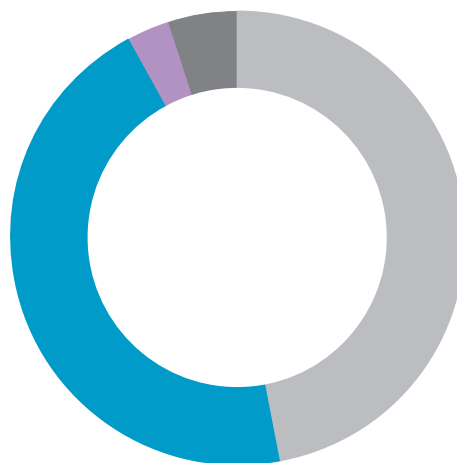
Less than 1 x EBITDA	33%
Between 1 and 2 x EBITDA	–%
Between 2 and 3 x EBITDA	18%
More than 3 x EBITDA	49%

Of the total acquisition debt in the Dunedin managed portfolio companies the scheduled repayments are spread as follows:

Less than one year	15%
Between one and two years	13%
Between two and three years	3%
More than three years	69%

Fund Analysis

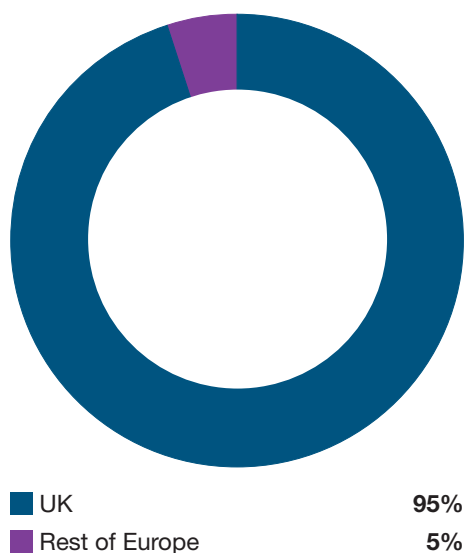
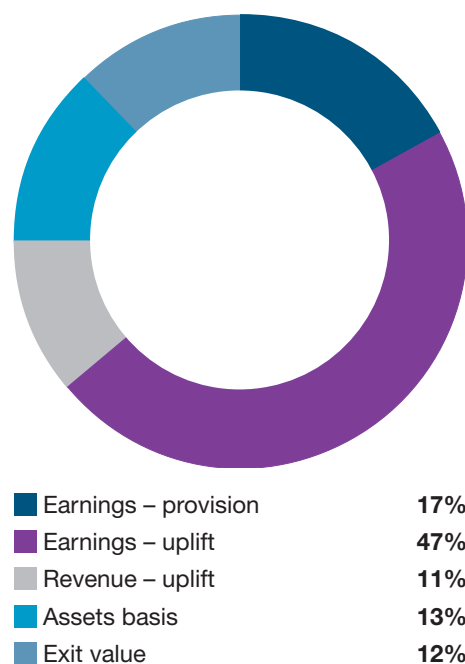
The chart below analyses the investment portfolio by investment fund vehicle.



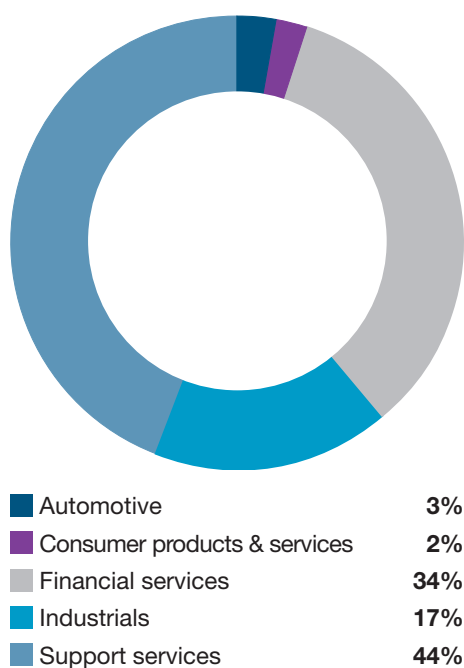
Dunedin Buyout Fund II	47%
Dunedin Buyout Fund III	45%
Equity Harvest Fund	3%
Third party managed	5%

Portfolio Analysis

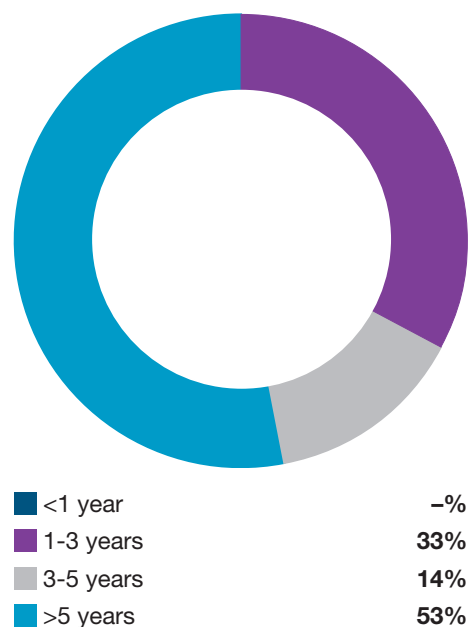
Detailed below is an analysis of the head office of the investment portfolio companies by geographic location as at 31 December 2019.

**Valuation Method****Sector Analysis**

The investment portfolio of the Company is broadly diversified. At 31 December 2019 the largest sector exposure of 44% remains to the diverse Support Services sector.

**Year of Investment**

In the vintage year chart below, current value is allocated to the year in which either Dunedin Enterprise or the third-party manager first invested in each portfolio company.

**Dunedin LLP**

25 March 2020

Top ten investments



Percentage of equity held	5.4%
Cost of Investment	£4.9m
Directors' valuation	£18.4m
Percentage of Dunedin Enterprise's net assets	20.1%



FRA

Business description

FRA is an international consultancy that provides forensic accounting, data analytics and e-discovery expertise, helping businesses respond to regulatory investigations in an increasingly regulated global environment.

FRA works on some of the largest and most complex regulatory investigations globally. Its clients are typically blue-chip multinational corporates seeking advice to help navigate regulatory scrutiny, effect compliant cross-border data transfer, and manage risk. The company has offices in London, Providence (Rhode Island), Dallas, New York, Washington DC, Paris, Helsinki and Stockholm. It also runs data centres near each office location as well as in Montreal and Zurich.

Investment rationale

FRA services a large and growing global market driven by increasing regulatory activity and scrutiny at an international level. Data volume and complexity is growing rapidly, benefiting FRA in terms of the quantity of data storage, analysis and cross-border data protection rules that must be navigated. FRA's strong organic growth is driven by exceptional client service, a strong reputation among regulators, law firms and corporates, long term engagements and growth in the team of forensic accountants, eDiscovery experts and data analysts.

Value creation

Regarded as a leading authority in its niche, FRA is seeing demand for its services grow more and more as regulation and enforcement increase globally. The investigation projects are increasingly being supplemented with three-year monitorships of corporations subject to regulatory oversight. Strong relationships with the in-house legal counsel at corporate clients, and with referring law firms, opens up new business opportunities – which FRA is well placed to take advantage of, with its reputation for independence and integrity with regulatory bodies. The strategy is to develop FRA's international reach by recruiting talent into existing offices whilst opening new offices to access further talent pools or expand client relationships.

What has been achieved

The successful expansion of FRA was reliant on accelerating its recruitment drive for talented people around the world, particularly in the US. This was the only way the business would meet ever increasing client demand. Dunedin has helped by getting directly involved in the sourcing and selection process, and filling some of the company's most senior positions. These included a Chairman with global consulting and private equity experience, a Chief Operating Officer and Chief Growth Officer; and two Financial Controllers.

Performance

In the period to 31 December 2018, the EBITDA of FRA was £22.2m (period to 31 December 2017: £13.9m) on turnover of £67.7m (period to 31 December 2017: £39.8m).



KINGSBRIDGE

Percentage of equity held	12.4%
Cost of Investment	£1.9m
Directors' valuation	£10.4m
Percentage of Dunedin Enterprise's net assets	11.3%



Kingsbridge

Business description

Kingsbridge is a market-leading, FCA-regulated specialist insurance intermediary with two divisions: a contractor insurance division and a corporate brokerage division. Founded in 2007, the business offers various insurance products specifically designed for the contractor market and has enjoyed strong growth.

Investment rationale

There is a significant and growing market opportunity for contractor insurance, with contractors becoming an increasingly prevalent component of the UK workforce. Long-term growth in demand points towards a broad-based workforce shift as more people embrace flexible working. Kingsbridge is a high growth, high margin, cash generative and innovative insurance services firm with an impressive financial growth track record. Kingsbridge Contractor Insurance is the clear market leader in the specialist provision of insurance for contractors and freelancers.

Value creation

Kingsbridge has achieved strong organic growth in both revenue and profit, driven by growing referrals from large affinity partners. It is a highly cash generative business as working capital and capital expenditure needs are modest. In addition to the organic growth, the business has made two strategic acquisitions broadening its digital distribution channels.

What has been achieved

In December 2018, the business successfully completed the acquisition of InsurTech pioneer, Dinghy, an online provider of Professional Indemnity and related insurances to the UK freelance/creative sector. This was the second acquisition that Kingsbridge made in 12 months, the first was Larsen Howie, a specialist online provider of insurance and IR35 and tax related services.

A new CEO joined in September 2017 in line with the agreed succession plan at the point of investment. The business has seen enhanced operational efficiency through IT and best practice; a greater focus on brand and marketing; and the introduction of new products for market.

A new Chairman has also been appointed along with an experienced CFO.

Performance

In the year to 31 January 2019, the EBITDA of Kingsbridge was £5.2m (2018: £4.3m) on turnover of £14.9m (2018: £12.5m).

Following the year end, in March 2020, Kingsbridge was realised generating proceeds of £10.4m.



Percentage of equity held	8.5%
Cost of Investment	£7.3m
Directors' valuation	£10.1m
Percentage of Dunedin Enterprise's net assets	11.1%



GPS

Business description

GPS is a UK headquartered payments processing business providing customers with leading edge payment processing and ancillary services. Customers include new emerging fintech or challenger banks, offering a significantly differentiated proposition for their clients; as well as specialist payment firms serving the travel, insurance and foreign exchange markets. It offers a best in class, scalable payment processing platform with flexibility, innovative features and an accelerated speed to market for new market entrants. It has over 100 clients, including many UK fintech and challenger banks, and is seeing significant growth opportunities from emerging overseas challenger banks as they seek to disrupt their own domestic banking markets.

Investment rationale

GPS has a large and growing addressable market. Challenger banks and fintech companies needing leading edge payment processing services are being created in all major geographical markets. Many are seeking help from GPS as they start to disrupt their own domestic markets. As the winners emerge, the volume of payments that they generate also increases, thereby adding further volume of processing to the GPS platform. In general, the payments market is growing globally through a reduction in the use of cash and an increase in the use of mobile methods of payment (e.g. phones and 'tap to pay' debit cards).

GPS has an increasingly international target market, with recent client wins in Europe and Australia. GPS has recently signed a strategic Partnership with Visa to provide fintech clients with payments technology in the Asia Pacific region.

Value creation

Growth is expected to come through a strategy of geographic expansion and investment to maintain the company's leading-edge technological position.

What has been achieved

Significant progress has been made in helping the company prioritise its key opportunities and invest in improving its main functional business areas, thereby creating strong foundations to support the growth that is expected in this market. Key talent has been sourced and added to the company at all levels, including a Chairman, a Chief Financial Officer and numerous operating and technology focussed hires. Key new management and operating systems have been introduced to the company to help it as it grows.

Performance

In the period to 31 December 2018, the EBITDA of GPS was £1.1m on turnover of £6.4m.

Hawksford

Percentage of equity held **17.8%**

Cost of Investment **£6.7m**

Directors' valuation **£10.1m**

Percentage of Dunedin Enterprise's net assets **11.0%**



Hawksford

Business description

Hawksford is a leading international provider of corporate, private client and funds services. The business offers a comprehensive range of services to, and solutions for, trusts, companies, foundations, partnerships, family offices and investment funds.

During 2018 Hawksford completed the acquisitions of P&P, a Hong Kong based trust business; and the corporate services division of audit and accountancy practice SH Landes. The P&P acquisition increased Hawksford's Asian presence, giving the company new representation in China and Japan, building on its existing presence in Singapore and Hong Kong. Hawksford's international clients will now have access to a greater depth of services across Asia, while P&P clients will be able to utilise Hawksford's wider services in other locations. As a result of the SH Landes acquisition, Hawksford will be able to provide specialist corporate services from its central London offices.

Investment rationale

Hawksford presented an opportunity to invest in a cash generative company with a stable core business, high levels of repeat business and very good long-term client structures and relationships. There was a clear opportunity to create value through increased operational efficiency and marketing capability, proactive business development, international expansion into new geographies and an acquisition strategy in a highly fragmented sector.

Value creation

Growth is expected to be delivered through integration of the international business. Dunedin has played a significant role in identifying, evaluating and funding bolt-on acquisitions.

What has been achieved

To date Hawksford has completed seven major acquisitions in Jersey, the UK, the Middle East and the Far East. These acquisitions have further enhanced Hawksford's position through additional high-quality people and clients. The focus of the business remains on providing excellent service and increasing client choice by growing the international footprint.

Dunedin organised and led the recruitment of the current CEO. The financial management of the company has also been strengthened with the appointment of a new Finance Director. To prepare for the next phase of growth highly experienced Heads of the Private Client, Funds and Corporate Service businesses have also been appointed.

Performance

In the year to 31 December 2018, the EBITDA of Hawksford was £6.7m (2017: £6.5m) on turnover of £30.8m (2017: £24.6m).



Percentage of equity held	20.1%
Cost of Investment	£9.7m
Directors' valuation	£9.3m
Percentage of Dunedin Enterprise's net assets	10.2%



Red

Business description

RED is a global supplier of SAP contract and permanent staff to international corporations and consultancies. SAP is the market leader in ERP software (Enterprise Resource Planning), which enables companies of all sizes and industries to operate more efficiently, including many of the world's largest organisations.

Red, which was founded in 2000, now has a global footprint with access to over 200,000 candidates in 80 countries, and has offices in the UK, Germany, Switzerland and the USA.

Investment rationale

SAP earnings are forecast to grow by 22% over the next two years (Consensus EPS Forecast, 21 January 2020, www.nasdaq.com), driving the ongoing requirement for highly skilled consultants to implement, maintain and upgrade systems. Red has a strong customer base and good visibility of earnings.

Value creation

Business growth is expected to come from the company's key markets of the US, EU and the UK through continued focus on outstanding client service.

What has been achieved

Dunedin led the search for a new CEO who joined the business in May 2018. The new CEO, is an experienced and highly successful recruitment leader with significant international experience gained with private and publicly listed recruitment businesses, including technology recruitment.

Performance

In the year to 31 March 2019, the EBITDA of Red was £4.5m (2018: £3.4m) on turnover of £137.6m (2018: £123.6m).

WELDEX

Percentage of equity held	15.1%
Cost of Investment	£9.5m
Directors' valuation	£9.2m
Percentage of Dunedin Enterprise's net assets	10.0%



Weldex

Business description

Weldex is a market-leading crawler crane hire business in the UK, with the tenth largest lifting capacity globally. It serves the offshore wind, oil & gas, commercial construction and infrastructure markets. Its cranes, including some of the largest in the UK, have been used in a number of significant construction projects including Heathrow Terminal 5, the iconic arch at the Wembley Stadium, the 2012 Olympic site and Crossrail. A recent project was the Viinamaki Wind Farm in Finland where cranes were supplied for the installation of the highest all steel wind turbines to date.

Weldex was established in 1979 and has grown into the UK's largest crawler crane hire company. The company employs over 100 staff and operates nationwide and overseas from its headquarters in Inverness and its depot at Alfreton. The company provides its customers with an established team of fully accredited operators, site managers and service engineers and also supplies associated lifting equipment including wheeled cranes, forklifts, lorry loaders and trailers.

Investment rationale

Weldex is a market-leading business serving the renewables and power generation market, where growth is driven by the developing UK energy gap and EU legislation on climate change. The offshore wind installation infrastructure is supply constrained and Weldex services this niche. There are strong barriers to entry: high capital expenditure, long lead times to source cranes, the need for experienced operators, and Weldex's reputation.

Value creation

Value creation is expected to be generated through increasing demand in Weldex's targeted sectors. Key areas are in renewable energy infrastructure, power generation and industrial and commercial construction.

What has been achieved

Weldex has continued to invest in its core fleet. A new independent non-executive Chairman was appointed in 2014 with extensive international experience. This breadth of experience compliments the existing management team's operational expertise.

Performance

In the year to 30 November 2018, the EBITDA of Weldex was £10.7m (2017: £11.4m) on turnover of £22.5m (2017: £23.1m).

U-POL

Percentage of equity held **5.0%**

Cost of Investment **£5.7m**

Directors' valuation **£5.9m**

Percentage of Dunedin Enterprise's net assets **6.5%**



U-POL

Business description

U-POL is a leading independent manufacturer of automotive refinish products including body fillers, coatings, aerosols, polishing compounds and consumables. Included in the product range is RAPTOR™, a tough protective coating product which can be used over a multitude of surfaces. Sales of RAPTOR™ continue to grow strongly and the business is exploring opportunities to sell this product into adjacent sectors.

From its UK manufacturing base in Wellingborough, U-POL exports a range of products to 120 countries worldwide. The company has a strong market position in the UK and a growing position in other large markets such as the USA, Europe, the Far East, the Middle East, Africa and Russia.

Investment rationale

U-POL has a market leading position in the UK and growing market share in other large markets such as the USA. It enjoys a good competitive position globally. Growth was expected through new product development and increased market share in new and existing markets.

Value creation

U-POL is focussing on products with high growth potential. The company's portfolio of products has been rationalised and rebranded to give a more coherent offering to both the professional and DIY markets. A strong retail offering has been developed.

What has been achieved

A new Chairman, Supply Chain Director and President of North America have been appointed during 2018. In August 2016 a re-financing of the business was undertaken with Dunedin Enterprise receiving proceeds of £2.6m.

Performance

In the year to 31 December 2018, the EBITDA of U-POL was £12.4m (2017: £13.2m) on turnover of £71.9m (2017: £68.2m).



Percentage of equity held	8.9%
Cost of Investment	£4.3m
Directors' valuation	£4.4m
Percentage of Dunedin Enterprise's net assets	4.8%



Realza Capital

Business description

Realza Capital FCR is a Spanish private equity fund making investments in Spain and Portugal. The fund is limited to investing 15% of commitments in Portugal. Dunedin Enterprise's investment is held via Dunedin Fund of Funds LP.

The fund invests in companies with leading market positions and attractive growth prospects either through organic growth or through subsequent merger & acquisition activity. Realza seeks to invest in companies with an Enterprise Value normally ranging from €20m to €100m.

The fund's typical equity investment ranges from €10m to €25m.

Investment rationale

A €15m commitment was made to Realza in 2008. This commitment was made in accordance with the Trust's investment policy of investing in limited partnership funds with a European investment remit which invested in transactions of a similar nature and size to Dunedin.

What has been achieved

To date Realza has drawn down 94% of commitments. The fund has made seven investments of which five have been realised. The areas of business in which the fund's remaining investments operate are the:-

- manufacture and sale of water pumps for the automotive industry; and
- producer of premium tomatoes.

Performance

To date there has been five realisations achieved by the fund generating a multiple on original cost of 2.0x. The remaining investments in Realza are valued at 1.3x cost.



Percentage of equity held	10.6%
Cost of Investment	£8.3m
Directors' valuation	£3.6m
Percentage of Dunedin Enterprise's net assets	4.0%



EV

Business description

EV is a UK headquartered, global market leader in the provision of high performance, video cameras and other visualisation technology used to analyse problems in oil and gas wells.

It offers a highly specialist service, providing skilled engineers to operate its cameras in the most difficult down-hole conditions. The high-resolution video images produced by EV's cameras allow oil and gas well operators to identify and solve problems rapidly. EV is based in Aberdeen, Houston and Norwich. It has a further presence in seventeen worldwide locations across Northern Europe, Canada, USA, West Africa, the Middle East, Asia and Australasia. The business employs more than 130 staff.

Investment rationale

EV has a significant technological competitive edge operating in a predominantly untapped global market and is a global leader in this field. The business has technological competitive advantage around imaging (it has the only camera that can provide a 360 degree, top-to-toe perspective of well performance and integrity in HD colour) and around operating conditions (the cameras can operate under extremes of heat, pressure and visibility). EV has a strong, committed management team and a good reputation with its customers.

Value creation

The company is well placed to capitalise on the growing use of cameras in oil and gas well analysis. There is a clear opportunity for the business to broaden its product and service offering and in turn deliver significant additional growth.

In 2016 EV acquired Epidote, a software company specialising in the presentation and analysis of oil and gas well integrity data. The acquisition of Epidote enabled EV to diagnose problems in oil and gas wells faster and more effectively.

What has been achieved

Dunedin has worked closely with the team to develop a revised long-term strategy for EV since the oil price collapse.

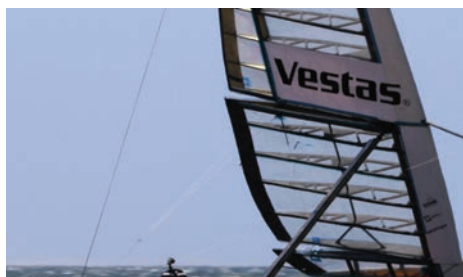
Dunedin introduced Chris Milburn, former CEO of Kee Safety, as Chairman to lead the recovery.

Performance

In the year to 31 March 2019, the adjusted EBITDA of EV was £3.8m (2018: £2.3m) on turnover of £19.4m (2018: £16.0m).



Percentage of equity held	19.4%
Cost of Investment	£3.2m
Directors' valuation	£3.6m
Percentage of Dunedin Enterprise's net assets	3.9%



Formaplex

Business description

Formaplex is an advanced manufacturing business focused on the design and manufacture of products using advanced lightweight materials. Its services include design and prototyping through to volume manufacturing of components for the luxury car, aerospace, defence, medical and renewables markets.

Investment rationale

Formaplex presented an opportunity to professionalise processes and structures and to diversify into new sectors and geographies. Formaplex has established a highly differentiated offering through its ability to offer a fully integrated service of design, manufacture, painting and finishing. The company has particular expertise in lightweight materials.

Value creation

The growth of Formaplex is expected to be driven by underlying growth in demand, particularly in the lightweight materials segment. The trend towards reduced emissions and electric vehicles are being driven by global legislation. These trends mean an increased usage of lightweight materials in all forms of transport, opening up new markets for Formaplex's expertise.

What has been achieved

Formaplex's growth has been underpinned by the increasing use of lightweight composite components in the UK's car sector and increased international demand for UK premium brands. The business has also found opportunities to extend its lightweight components into new sectors such as aerospace, defence, medical and renewables. The outlook for the business remains strong with a number of new programme launches in plan and a strong order pipeline. Dunedin has strengthened the management team over the past two years with the appointment of a new Chairman and CFO.

Performance

In the year to 30 June 2018, the EBITDA of Formaplex was £1.0m (2017: £0.9m) on turnover of £51.5m (2017: £61.6m).

The Remaining Investments

Company Last reported	Proportion of fully diluted capital owned %	Book cost £m	Valuation £m	Percentage of net assets %
Description of business				
Premier Hytemp 30.08.19 Provider of highly engineered steel and nickel alloys and machined components for the gas and oil industry	23.0	10.1	2.5	2.8
Incremental 31.03.19 Provider of design, implementation and management of IT infrastructures	8.2	3.0	1.5	1.6
CitySprint 31.12.18 Provision of same day courier services	5.2	8.0*	0.7	0.7
Alta-Berkeley VI 31.12.19 Technology fund	3.0	0.6	0.2	0.2
Add One 31.12.19 Technology fund	2.9	1.2	0.1	0.1

* – accounting book cost. Original investment in 2010 of £9.8m. Total proceeds of £26.1m were received from a secondary buyout in 2016. Cash proceeds of £18.8m were received and the balance of £7.3m was rolled into a CitySprint newco. A further £0.7m was invested in 2019.

Long Term Record

Group Ended 31 December	Cash returned to shareholders				Per Ordinary Share			
	Net assets	pence per share	Revenue available for ordinary shareholders	Net asset value	Earnings	Dividend	Share price	
£'000	£'000	p	£'000	p	p	p	p	
2009	122,856	–	–	726	407.1	2.4	2.5	266.5
2010	150,083	–	–	1,125	497.3	3.7	3.8	300.0
2011	162,956	–	–	1,307	541.0	4.3	5.0	313.5
2012	137,198	21,086	70.0	5,801	532.7	20.8	22.5	412.38
2013	116,267	17,992	72.3	4,758	529.3	19.9	16.5	436.0
2014	106,556	5,217	23.7	980	510.6	4.6	4.7	352.4
2015	104,427	695	3.3	(628)	505.8	(3.0)	–	321.5
Company* Ended 31 December								
2016	103,901	–	–	6,916	503.3	33.5	33.5	306.0
2017	100,988	20,644	100.0	3,927	489.2	19.0	19.0	396.5
2018	85,235	20,644	100.0	177	412.9	0.9	2.0	328.0
2019	91,747	5,161	25.0	933	444.4	4.5	5.0	376.0

* from 2016 the financial statements are no longer prepared on a consolidated basis but instead with subsidiaries carried at fair value

Strategic Report

This Strategic Report has been prepared in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Business and Status

The Company carries on business as an investment trust. The last accounting period for which the Company has been treated as approved as an investment trust by HM Revenue & Customs was for the year ended 31 December 2019. In the opinion of the Directors, the Company has conducted its affairs during the period under review, and subsequently, so as 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 of the Investment Trust (Approved Company) (Tax) Regulations 2011 (Statutory Instruments 2011/2999).

The Board has contractually delegated the management of the investment portfolio to the Manager, Dunedin LLP ("Dunedin"). A summary of the terms of the Alternative Investment Fund Management Agreement is contained in the Directors' Report on page 29.

The existing Investment Objective and Investment Policy of the Company are detailed below.

Investment Objective and Policy

The Company's investment objective is to conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to Shareholders.

The Company's investment policy is to invest primarily in private equity investments, either through private equity funds managed by Dunedin or directly.

The Company may not make any new investments save that: (i) investment may be made to honour commitments to funds under existing contractual arrangements; (ii) further investment may be made into the Company's direct investments in order to preserve the value of such investments; and (iii) realised cash may be invested in liquid cash-equivalent securities, including short-dated corporate bonds, government bonds, cash funds or bank cash deposits pending its return to Shareholders in accordance with the Company's investment objective.

No more than 10 per cent. of the Company's total assets may be invested in any single cash equivalent instrument or placed on deposit with any single institution, except that this limit does not apply to investment in government bonds, which shall be unconstrained.

The use of gearing shall be limited to the investment of up to £20m of borrowed funds or, if less, 20 per cent. of the Company's NAV (measured at the time of drawdown).

The Company will not invest in other listed closed-end investment funds.

The Company will continue to comply with the requirements of UK investment trust legislation and the restrictions imposed on

closed-ended investment funds by the Listing Rules in force from time to time.

In common with most investment companies, the Company may borrow to finance further investment. Although the Company is permitted by its Articles of Association to borrow an amount equal to the amount paid up on the issued share capital and the total amounts standing to the credit of the capital and revenue reserves of the Company, the Board's policy is that financial gearing will not exceed 40 per cent. of gross asset value.

Section 172

Under section 172 of the Companies Act 2006 (the "CA 2006"), the Directors have a duty to promote the success of the Company for the benefit of Shareholders as a whole. In doing so, the Directors have regard to matters set out in section 172(1) of the CA 2006 and the likely consequences of any decision in the long term; the desirability of the Company for maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

In this context, and taking into consideration that the Company is an externally managed investment company with no employees, the Board consider that its primary stakeholders are existing and potential new shareholders (who are also its customers) and suppliers which include, its externally appointed manager, service providers and other professional advisers.

To assist the Board in its aim to act fairly between the Company's shareholders, it encourages communications with all shareholders, and the Annual General Meeting provides a key forum for both the Board and the Manager to make presentations on the performance of the Company. Please refer to page 34 for further detail on communication with shareholders.

The Board seeks to engage with the Manager and other service providers in a collaborative manner. The principal relationship is with the Manager, whose services are fundamental to the success of the Company and for achieving the Company's investment objective. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees are reviewed by the Management Engagement Committee annually and the board regularly reviews the Manager's financial reports and performance statistics, further detail of which can be found on page 32. The Manager seeks to maintain productive relationships with the Company's other suppliers on behalf of the Company, primarily through regular communication and provision of information as necessary.

Whilst the Company's operations are limited (with all substantive matters being conducted by its externally appointed service providers) the Board is aware of the need to consider the impact of the Company's operations on environmental, social and governance matters and the Board also expects good standards at the companies within which the Company is invested. In this regard, it is satisfied that the Manager consistently and proactively engages with investee companies on such matters, where these are material to the investment case and therefore to the success of the Company. The Corporate Governance report sets out details of the Manager's considerations of these issues.

Taking into consideration that the Company's current objective is to conduct an orderly realisation of the investment portfolio and return cash to shareholders, the Company's primary focus in promoting the success of the Company as a whole is to direct the Company with a view to realising such objective in a manner consistent with the stated investment policy. In this regard, the Board has made use of, and will continue to implement the B Share scheme, as approved in 2017, to return cash to shareholders as and when realisations of underlying holdings are made. In doing so, the Board has due regard to the impact of its actions on other stakeholders and the wider community.

Risk Management

The Board carries out a regular and robust review of the risk environment in which the Company operates. The Board acknowledge that it is responsible for risk management systems, which have been in place for the year under review, and for reviewing their effectiveness. There is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and they are regularly reviewed by the Board. The principal risks and uncertainties identified by the Board which might affect the Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

Coronavirus: the profitability of the Company's investments is adversely impacted due to an adverse economic impact on the UK and world economy from the Coronavirus. **Mitigation:** A representative of your Manager, Dunedin LLP, sits on the Board of each portfolio company. These companies hold regular board meetings at which the financial position of the company is monitored. Between board meetings there is an ongoing dialogue between the Manager and the senior management of the portfolio company. Each portfolio company monitors all risks pertinent to their businesses including the coronavirus and the potential impact these risks may have on their businesses, and develops contingency plans where appropriate. The Board and the Manager keep under regular review the liquidity available to the Company, including bank facilities, required to meet the expected outstanding commitments that will be drawn and the ongoing expenses of the Company. The Board is satisfied that the liquidity position of the Company is sufficiently strong to mitigate the threat.

Brexit: the profitability of the Company's investments is adversely impacted due to an adverse economic impact on the UK economy from Brexit and restricted access to European markets. **Mitigation:** Brexit has been an ongoing board agenda item for all our portfolio companies. Each portfolio company has developed plans to cater for a variety of outcomes from the Brexit negotiations. These plans will be continually revisited as the course of the Brexit negotiations becomes clearer.

Investment and liquidity risk: the Company's investments are in small and medium-sized unquoted companies, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. **Mitigation:** the Manager aims to limit the risk attaching to the portfolio as a whole by closely monitoring individual holdings, including the appointment of investor directors to the board of portfolio companies. The Board reviews the portfolio, including the schedule of projected exits, with the Manager on a regular basis to evaluate the orderly realisation process.

Portfolio concentration risk: following the adoption of the Company's revised investment policy in May 2016, the portfolio will become more concentrated as investments are realised and cash is returned to shareholders. This will increase the

proportionate impact of changes in the value of individual investments on the value of the Company as a whole. The Directors' valuation of the Company's investments represents their best assessment of the fair value of the investments as at the valuation date and the amounts eventually realised from such investments may be more or less than the Directors' valuation.

Mitigation: the Directors and Manager keep the portfolio under review and focus closely on those holdings which represent the largest proportion of total value.

Financial risk: most of the Company's investments involve a medium to long term commitment and many are relatively illiquid.

Mitigation: the Directors consider it appropriate to finance the Company's activities through borrowing on a short-term basis. Accordingly, the Board seeks to ensure that the availability of cash reserves and bank borrowings matches the forecast cash flows of the Company both on a base and stress case basis given the level of undrawn commitments to limited partnership funds.

Economic risk: events such as economic recession or general fluctuations in stock markets and interest rates may affect the valuation of portfolio companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to net asset value. **Mitigation:** the Company invests in a diversified portfolio of investments spanning various sectors and maintains access to sufficient cash reserves to be able to provide additional funding to portfolio companies should this become necessary.

Credit risk: the Company holds a number of financial instruments and cash deposits and is dependent on counterparties discharging their commitment. **Mitigation:** the Directors review the creditworthiness of the counterparties to these investments and cash deposits and seek to ensure there is no undue concentration of credit risk with any one party.

Currency risk: the Company is exposed to currency risk as a result of investing in companies and funds denominated in euros. The sterling value of these investments can be influenced by movements in foreign currency exchange rates. **Mitigation:** Currency risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Internal control risk: the Company's assets could be at risk in the absence of an appropriate internal control regime.

Mitigation: the Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Borrowings

In common with most investment companies, the Company may borrow to finance further investment. Although the Company is permitted by its Articles of Association to borrow an amount equal to the amount paid up on the issued share capital and the total amounts standing to the credit of the capital and revenue reserves of the Company, the Board's policy is that the use of gearing shall be limited to £20m of borrowed funds or, if less, 20 per cent. of the Company's NAV (measured at the time of drawdown).

The Company currently has a £5m revolving credit facility with Lloyds Bank plc which expires on 31 May 2020. There are standard bank covenants attached to the facility including a minimum net asset value covenant of £50m which the Board monitors on an ongoing basis.

Review of Performance

An outline of the performance, market background, investment activity and portfolio during the year under review and the performance over the past 10 years, as well as the investment outlook, are provided in the Chairman's Statement on pages 3 and 4 and the Manager's Review on pages 8 to 11. Details of the Company's top ten investments can be found on pages 12 to 21 with the remaining investments detailed on page 22.

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 the market indices and peer group. The key performance indicators ('KPIs') used to measure the progress and performance of the Company are as follows:

- cash distributions to shareholders;
- movement in share price;
- movement in net asset value per ordinary share;
- movement of net asset value and share price performance compared to the Benchmark; and
- ongoing charges.

Details of the KPIs are shown on pages 1 and 2.

Share Buyback

The Board recognises that it is in the long-term interests of shareholders to reduce discount volatility and believes that the prime driver of discounts over the longer term is performance. As outlined on page 30, the Board intends to seek renewal of its annual share buyback authority. The Board does not intend to set a precise discount target at which shares might be bought back as it believes that the announcement of specific targets would be likely to hinder the successful execution of a buyback policy.

Social, Community, Human Rights, Employee Responsibilities and Environmental Policy

As an investment trust, the Group has no direct social, community or employee responsibilities. Dunedin, with the support of the Board, does however take environmental, social and governance factors and human rights issues into consideration with regard to investment decisions made on behalf of the Company. The Company has no employees and no requirement to report separately on this area, as the management of the portfolio has been delegated to Dunedin. Details of the Alternative Investment Fund Management Agreement are provided on page 29.

Diversity

At 31 December 2019, there were three male directors and one female director on the Board. The Board's policy on diversity is set out on page 33.

By order of the Board

Duncan Budge

Chairman

25 March 2020

Directors' Report

The Directors present their report and audited financial statements for the year to 31 December 2019.

The Manager of the Company is Dunedin LLP ("Dunedin"). The Board is independent of Dunedin. The Company's registration number is SC052844.

Going Concern

The financial statements have not been prepared on a going concern basis, since the Company's current objective is to conduct an orderly realisation of the investment portfolio and return cash to shareholders. No adjustments were necessary to the investment valuations or the recognition and measurement of other assets and liabilities included in the financial statements as a consequence of the change in the basis of preparation.

Statement on long-term viability

In accordance with the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over the three-year period to 31 December 2022. The Directors consider that for the purpose of their assessment it is not practical or meaningful to look forward over a period of more than three years. Furthermore, the Directors deem that this reflects a balance between assessing the Company's prospects over the longer term and the uncertainties inherent in looking out further than three years. The Board recognises that the Company's bank facility expires in May 2020. The Manager is in ongoing discussions with the Bank and it is the current intention to extend the bank facility by a further year.

The Board has taken account of the Company's current position and carried out a robust assessment of the principal risks and uncertainties facing the Company and the mitigating actions as identified in the Strategic Report. The Board also considered the major factors which effect the economic, regulatory and political environment. This included both the Coronavirus and Brexit.

The assessment also considered:-

- the nature of the Company's business, including cash reserves and borrowing facilities available to the Company;
- the potential for its unlisted portfolio to generate future income and capital proceeds;
- future capital calls by funds to which the Company has made commitments;
- the Company's income and expenditure projections; and
- the change to the Company's investment objective and the impact on the potential of the unlisted portfolio to generate future income and capital proceeds during the managed wind down and the ability of the Directors to minimise the level of cash outflows should this be necessary.

These metrics are subject to sensitivity analysis which involves flexing a number of the main assumptions underlying the forecasts. The principal factors which were stress tested being the:-

- timing of realisations;
- timing of follow-on investments; and
- quantum of realisations.

The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 31 December 2022.

Share Capital

At 31 December 2019, the Company's issued and paid up share capital was £5,161,015.50 divided into 20,644,062 fully paid up ordinary shares.

The rights attaching to the Company's shares are set out in the Company's Articles of Association (which may be amended by special resolution) and they are also supplemented by (and are subject to) relevant provisions of the Companies Act 2006 ("2006 Act") and other legislation applying to the Company from time to time.

Capital Entitlement

On a winding-up, after meeting the liabilities of the Company, the surplus assets will be paid to ordinary shareholders in proportion to their shareholdings.

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 or special dividends which the Directors may resolve to pay.

A final dividend of 5.0p is proposed and if approved, will be paid to shareholders on 15 May 2020, to shareholders on the register at close of business on 24 April 2020. The ex-dividend date is 23 April 2020.

Voting Rights

Each ordinary shareholder present in person or by proxy is entitled to one vote on a show of hands and, on a poll, to one vote for every share held.

Rights attaching to B shares

Following the approval by shareholders on 8 May 2019, the Directors have the ability to capitalise sums standing to the credit of certain of the Company's reserves in accordance with the Articles of Association and use such capitalised amounts to allot and issue as fully paid up B shares of 1 pence each. The quantum and timing of any issue is at the discretion of the Directors. Any B shares issued will be redeemable at the option of the Company and it is expected that any redemption will occur shortly after each date of issue of B shares, when all of the B shares then in issue will be compulsorily redeemed and cancelled in accordance with their terms for an amount not exceeding the amount treated as paid up on the B shares.

When in issue, B shares do not provide the holder with any voting rights. B shares carry a limited right to a dividend; however, due to the very short time B shares will be in existence if issued, no dividend is ever likely to become payable. On a return of capital on a winding up, the holders of any B shares in issue will be entitled to 1 pence per B share held by them, in priority to any payment to the holders of every other class of shares in the Company.

Significant Shareholdings

The significant holdings in the Company's ordinary share capital which have been notified to the Company as at 31 December 2019 are shown below.

	Ordinary shares	% of issued share capital
Lind Invest	3,485,626	16.9
Interactive Investor	2,921,060	14.1
Hargreaves Lansdown	1,516,621	7.4
Barwon Investment Partners	1,500,000	7.3
Miton Global Opportunities	1,357,500	6.6
LGT Capital Management	791,588	3.8
LF Miton Worldwide Opportunities Fund	661,000	3.2
Charles Stanley	642,252	3.1

The Company has been notified that between 31 December 2019 and the date of this report Miton Global Opportunities has purchased a total of 92,500 ordinary shares taking their shareholding to 1,450,000 ordinary shares (7.0%).

No further changes have been notified.

Directors

Details of the current Directors of the Company are shown on pages 5 to 6. All Directors are considered to be independent. 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. Following a detailed review by the Board of each of the Directors other commitments, both public and private, it is considered that each has sufficient time available to undertake their duties as a Director of the Company.

In accordance with the UK Corporate Governance Code, changes to the Chairman's other significant commitments require to be disclosed and explained. The Chairman's other directorships are noted on page 5. The Directors have carefully considered the Chairman's other directorships and consider that the Chairman effectively manages his commitments and has sufficient time to meet what is expected of him as Chairman of the Company. The Chairman's attendance at Board and Committee meetings is outlined in the relevant table on page 33. The table shows that the Chairman has attended each Board and Committee meeting held during the year. The Directors believe this demonstrates that the Chairman continues to allocate sufficient time to the Company and continues to discharge his responsibilities effectively.

Angela Lane, Duncan Budge and Brian Finlayson will retire from the Board and, being eligible, offer themselves for re-election at the Annual General Meeting ("AGM"). Given Michael Meyer Jensen's other commitments he has decided not to seek re-election at the AGM and will be standing down from the Board at the AGM.

Brian Finlayson was appointed to the Board on 1 January 2007 and has served for more than nine years. He has over thirty years of experience in both private equity and corporate finance. He worked with Dunedin Capital Partners Limited before retiring from the company in 2002. He has held numerous non-executive director positions in private equity backed businesses both whilst

unlisted and subsequently on listing. The Directors have carefully considered Brian Finlayson's independence and believe that notwithstanding his historic connections with the Manager's group and the number of years he has served as a Director, he retains independence of character and of judgement. The Directors do not consider that there are relationships or circumstances which are likely to affect Brian Finlayson's judgement. Given the long-term nature of private equity investments the Board considers it a significant benefit to the Company for Directors of the Company not to be subject to any overall limit on tenures.

Michael Meyer Jensen was appointed to the board in May 2017. He is not a shareholder representative, however, until 29 February 2020 he was an employee of Lind Invest, a significant shareholder which currently holds an interest of 16.9% in the Company. The Directors have carefully considered Michael Meyer Jensen's independence and believe that, notwithstanding his former employment by Lind, he is independent. The Directors are satisfied that the procedures in place as regards conflicts of interest, as set out on page 29, are sufficiently robust to ensure that Michael Meyer Jensen avoids a situation whereby he could be conflicted. In addition, Michael Meyer Jensen is aware of his duties to act independently of Lind Invest and in a way that would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

Following performance evaluation, in the view of the other Directors, Angela Lane, Duncan Budge and Brian Finlayson continue to perform effectively and to demonstrate commitment to the Company. The re-election of Angela Lane, Duncan Budge and Brian Finlayson is recommended to shareholders as their skills and experience continue to add to the strength of the Board.

Tenure of the Chairman

Duncan Budge has been a Director of the Company since 2 April 2012 and Chairman since 14 May 2014. The Nomination Committee has resolved that it is in the best interests of the Company that there should be no limit on the length of tenure of the Chairman; however this position will be subject to annual review. The Nomination Committee took a number of factors into consideration when arriving at this conclusion, including the fact that private equity investments by their nature are long term investments where an accumulated knowledge of the investments is beneficial to their supervision. Additionally, the Company is in a wind-down process which was approved by shareholders in May 2016. At the time the wind-down was approved, the Directors indicated that the process would take at least seven years to complete and the Nomination Committee consider it beneficial for there to be consistency of chairmanship during this period.

Directors' and Officers' Liability Insurance/Directors' Indemnity

The Company maintains insurance in respect of directors' liabilities in relation to their acts on behalf of the Company.

In line with market practice and the Company's Articles of Association, the Company has agreed to indemnify the Directors in respect of costs, charges, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under section 1157 of the Companies Act 2006 ("2006 Act"), in connection with the performance of their duties as Directors of the Company. The indemnities would also provide financial support from the Company should the level of cover provided by the Directors' & Officers' insurance maintained by the Company be exhausted.

Director's Conflicts of Interest

Under the 2006 Act, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain provisions to this effect. The Company's Articles of Association give the Directors authority to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. The register is reviewed at each Board meeting and the Directors are required to disclose to the Company Secretary any change to conflicts or any potential new conflicts. Where a conflict of interest arises, the Director concerned will not participate in any discussions or decisions in that area.

Michael Meyer Jensen has a potential conflict regarding his former employment with Lind Invest, which currently holds an interest of 16.9% in the Company. This conflict has been formally disclosed and approved by the Board. Michael Meyer Jensen is prevented from participating in any discussions or decisions where this conflict is relevant.

Michael Meyer Jensen has been made aware of his duties as a director of the Company including the restrictions placed on him regarding the sharing of confidential information concerning the Company with Lind Invest or any other party.

Corporate Governance

The statement on Corporate Governance on pages 32 to 34 is included in the Directors' Report by reference.

Investment Management Arrangements

The principal terms of the Company's Alternative Investment Fund Management Agreement with Dunedin are set out on page 64.

The Management Engagement Committee has reviewed Dunedin's investment policy and process. The review covered the performance of the investment manager, their management process, investment style, resources and risk controls. The Management Engagement Committee is satisfied with the results of the review and is therefore of the opinion that the continuing appointment of Dunedin on the terms agreed is in the interests of shareholders as a whole. Such a review is carried out on an annual basis.

Dunedin Managed Funds and Dunedin Fund of Funds LP operate carried interest schemes. Dunedin executives participate in these carried interest schemes.

Use of financial instruments

Reference is made to note 19 on pages 61 and 62 which sets out a description of the financial instruments and associated risks.

Secretary

Dunedin LLP is appointed as Corporate Company Secretary pursuant to the Alternative Investment Fund Management Agreement, details of which are set out on page 64.

Duration

The Company does not have a fixed life.

Bribery Act

The Company has a zero-tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The investment manager also adopts a zero-tolerance approach and has policies and procedures in place to prevent and detect bribery.

Facilitation of tax evasion

The Company has a zero-tolerance policy towards the facilitation of tax evasion. The investment manager also adopts a zero-tolerance approach and has policies and procedures in place to prevent and detect the facilitation of tax evasion.

Engagement with Suppliers and Customers

Reference is made to the Section 172 statement on pages 24 and 25.

Social, Community and Environmental Policy

The statement on social, community, environmental and human rights policy on page 26 is included in the Strategic Report by reference.

Modern Slavery Act

The Company is an investment company and has no employees. The Directors are satisfied that, to the best of their knowledge, the Company's principal suppliers, which are listed on the inside back cover of this report, comply with the provisions of the UK Modern Slavery Act 2015.

Activities in the field of research and development

The Company does not undertake activities in the field of research and development.

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 producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

External Auditor

The Directors confirm that so far as each Director is aware there is no relevant audit information of which the Company's external 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 external auditors are aware of that information.

On 7 October 2019, Johnston Carmichael LLP were appointed auditors to the Company. This followed a competitive tender process in which KPMG LLP were not invited to participate. Further details regarding the appointment of Johnston Carmichael LLP are contained in the Audit Committee Report.

Post Balance Sheet Events

The Manager's Review on pages 8 to 11 details all post balance sheet events.

Annual General Meeting ("AGM")

The AGM of the Company will be held at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN on 6 May 2020 at 2.00 pm. Notice of the AGM is given on pages 65 to 68 of this report.

The Company continues to monitor the impact of the coronavirus (Covid-19) outbreak in the United Kingdom. Although the Board still intend for the AGM to go ahead as planned, you will be aware that the Government has announced that they are advising individuals not to undertake any non-essential travel, and to avoid large gatherings in venues such as restaurants, clubs and theatres. While it is not clear how long these measures will be in place, it is possible that they may affect attendance at the AGM. Shareholders are encouraged to refer to the latest guidance on the Government's official websites: – www.gov.uk/guidance/coronavirus-covid-19-information-for-the-public and www.gov.scot/coronavirus-covid-19/.

While it is a legal requirement for the Company to hold the AGM in order to pass essential shareholder resolutions, circumstances may require the normal proceedings to be shortened or amended and for public health reasons we will not plan to offer refreshments this year.

To this end, shareholders are strongly encouraged to exercise their right to vote and to submit proxies well in advance of the deadline. Even if attendance in person at the AGM is currently planned, the impact of coronavirus may result in disruption to shareholders plans at the time of the AGM. Please note that appointing the chairman of the AGM as a proxy, rather than a named individual (including specific board members) will ensure your vote will be cast at the meeting.

In addition to completing the enclosed Form of Proxy and returning it to Equiniti as per the instructions on the form shareholders can submit proxies online by logging onto www.sharevote.co.uk. To use this service shareholders will need their Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy. Full details of the procedure are given on the website. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint a proxy by logging on to their portfolio at www.shareview.co.uk using their usual user ID and password. Once logged in simply click "view" on the "My Investments" page, click on the link to vote, then follow the on-screen instructions. Any such votes need to be cast by no later than 2.00 p.m. on 4 May 2020.

If it is necessary to provide you with further information about the Annual General Meeting, or notify you about any alternative arrangements, we will do so on our website (www.dunedinenterprise.com) by 4 May 2020.

Resolutions to be considered at the AGM

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 required under the 2006 Act from shareholders.

Resolution 1: Receive the audited Report and Accounts

Shareholders are being asked to receive the audited accounts for the year ended 31 December 2019.

Resolution 2: Approve the Directors' Remuneration Policy

Shareholders are being asked to approve the Directors' Remuneration Policy set out pages 37 to 39 for the three years ending on the Company's AGM in 2023.

Resolution 3: Approve the Directors' Remuneration Report

Shareholders are being asked to approve the Directors' Remuneration Report set out pages 37 to 39 for the year ended 31 December 2019.

Resolution 4: Final Dividend

Shareholders are being asked to approve the Final Dividend of 5.0p per Ordinary Share for the year ended 31 December 2019. If shareholders approve the recommended Final Dividend, it will be paid on 15 May 2020 to shareholders on the Company's register of members at the close of business on 24 April 2020.

Resolutions 5, 6, and 7: Re-election of Directors

The Directors standing for re-election and their biographical details are set out on pages 5 to 6. The Board recommends to Shareholders the 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.

Resolutions 8 and 9: Appointment and remuneration of external auditors

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders. It is proposed that Johnston Carmichael LLP be and are hereby appointed auditors of the Company and will hold office from the conclusion of this meeting 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.

Resolution 10: Authority to allot shares

Resolution 10 will, if approved, give Directors a general authority to allot and issue B shares, from time to time up to an aggregate nominal amount of £153,550,860.50 (being the remainder of the aggregate total of £200,000,000 that may be allotted (as approved on 11 May 2017), following the allotment of B shares on 4 December 2017, 5 February 2018, 9 October 2018 and 12 June 2019) on a pro rata basis to the holders of Ordinary Shares by way of bonus issue. The authority will expire at the conclusion of the AGM of the Company to be held in 2021. Passing this resolution will ensure that the directors continue to have the ability to issue redeemable B shares to shareholders upon further realisations. The Company does not at present hold any shares in treasury.

Resolution 11: Share buy-backs

The existing buy-back authority, granted at the AGM of the Company held on 8 May 2019, permits the Company to make market purchases of up to 14.99 per cent. of the Company's issued ordinary share capital as at 28 March 2019 and expires at the forthcoming AGM. The authority, under Resolution 11, if conferred, will only be exercised if, in the Directors' opinion, a repurchase would be in the best interests of shareholders as a whole and would result in an increase in the net asset value per Ordinary Share for the remaining shareholders.

The Directors propose to renew the authority at this year's AGM and seek authority to purchase up to 3,094,545 Ordinary Shares (being 14.99 per cent. of the issued share capital as at 31 March 2020 the latest practicable date prior to publication of this notice). This authority will expire at the conclusion of the AGM of the Company in 2021 (or, if earlier, the date following 15 months from this year's AGM). Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing net asset value per Ordinary Share. Under the Listing Rules of the Financial Conduct Authority, the maximum price (excluding expenses) that can be paid is not more than the higher of (i) 5 per cent. above the average market values of the ordinary shares for the five business days before the day on which the purchase is made; (ii) the price of the last independent trade on the trading venue where the purchase is carried out; and (iii) the highest current independent purchase bid on that venue. The minimum price that may be paid will be 25p per share (being the nominal value of a share). Ordinary shares that are purchased will be cancelled. The effect of any cancellation would be to reduce the number of shares in issue. In making purchases, the Company will deal only with member firms of the London Stock Exchange.

Resolution 12: Notice of General Meetings

The Shareholder Rights Directive ("Directive") was implemented in the UK in August 2009. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. Resolution 12 seeks to renew this shareholder approval. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice. The Directors only intend to call a general meeting on less than 21 days' notice where the proposals are time sensitive and the short notice would clearly be an advantage to shareholders as a whole.

Recommendation of the Board

The Board considers that all the resolutions to be considered at the AGM are in the best interests of the Company and the shareholders as a whole. Your Board intends to vote in favour of them in respect of their entire beneficial holdings of Ordinary Shares which amount, in aggregate, to 273,882 Ordinary Shares (representing approximately 1.33 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,

Duncan Budge

Chairman
25 March 2020

Corporate Governance Report

Compliance

The Board considers that the Company has complied with the relevant principles and provisions contained in the UK Corporate Governance Code issued by the Financial Reporting Council ("FRC") in July 2018 and the principles and provisions contained in the AIC's Code of Corporate Governance issued in February 2019 (the "AIC Code") throughout this accounting period with the exception of the matters noted below.

The AIC Code can be found on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies. A copy of the UK Corporate Governance Code can be found at www.frc.org.uk.

The UK Corporate Governance Code includes provisions relating to the role of the Chief Executive, Executive Directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company, which is an externally managed investment company. The Company has not, therefore, reported further in respect of these provisions.

The Company has no greenhouse gas emissions to report from the operations of the Company, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The Board

The Board consists of four non-executive Directors, all of whom the Company deems to be independent, even though Brian Finlayson has served as a Director for over nine years.

On appointment, new Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee. Following appointment, the Chairman regularly reviews and agrees with Directors, as appropriate, their training and development needs as necessary to enable them to discharge their duties taking account of company specific matters and industry issues.

The Board determines the strategic direction of the Company. It meets at least four times a year and there is regular contact with Dunedin (the "Manager") between these meetings. There is a formal schedule of matters specifically reserved for Board decisions. The schedule of matters is reviewed regularly by the Board. The Directors also have access to any information, the advice and services of the Company Secretary and, if required, external advice at the expense of the Company. The Company Secretary is also responsible for ensuring good information flows between all parties. The Board maintains ongoing dialogue with the Company's legal adviser in relation to corporate governance matters.

There is a clear division of responsibility between the Board and the Manager. The Manager's role is defined within the Alternative Investment Fund Management Agreement. The Board and the Manager have agreed clearly defined

investment criteria and specific levels of authority. Reports on these issues, including performance statistics, investment valuations and management accounts, are submitted to the Board at each meeting. The Manager's evaluation procedure and financial analysis of the companies within the portfolio includes detailed research and appraisal, and also takes into account environmental policies and social, ethical, human rights and other business issues.

The Manager's environmental, social and governance policy can be found at www.dunedin.com. The Manager also supports the principles of the UK Stewardship Code and implements these where applicable. As an institutional investor, the Company recognises its responsibility that the companies in which it invests should aspire to appropriate levels of corporate governance. As a matter of policy, the Company aims to ensure the Manager utilises its votes in respect of shares held in the relevant underlying portfolio companies at the annual general meetings of these companies. In the year to 31 December 2019 the Manager voted in favour of all resolutions put forward at the annual general meetings of portfolio companies.

The Managers do not exclude companies from their investment universe purely on the grounds of ESG factors but adopt a positive engagement approach whereby matters are discussed with management with the aim of improving the relevant policies and management systems and enabling the Managers to consider how ESG factors could impact long term investment returns.

The Company's Articles of Association require that all Directors are subject to retirement by rotation and, given this and that all of the Directors are non-executive directors, the Board does not consider it necessary for the Directors to be appointed for a fixed term. The Board's policy on tenure is to adopt best practice in line with the requirement of the AIC Code, for all Directors to retire and, if appropriate, stand for annual re-election at each AGM. The Board does not feel that it would be appropriate to adopt a policy whereby Directors serve for a limited period as the historical knowledge of the portfolio is a key benefit. Any Directors appointed to the Board since the previous AGM also retire and stand for election.

During the year the performance of the Board, committees and individual Directors was evaluated through a discussion process led by the Chairman. The performance of the Chairman was evaluated by the other Directors. Amongst other considerations, the performance evaluation considered the balance of skills and diversity of the Board, as well as the Board's overall effectiveness. The Board believes it has an appropriate balance of skills and experience, length of service, diversity (including gender) and knowledge of the Company. Each individual Director's training requirements are reviewed as part of the annual evaluation process. The Board does not consider that the use of external consultants to conduct this evaluation is likely to provide any meaningful advantage over the process adopted, however, the option of using of an external consultant is kept under review.

The Board supports diversity in the boardroom and is of the opinion that appointments to the Board should be made taking into account a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise.

The table below details the number of Board, Audit, Nomination and Management Engagement Committee meetings attended by each Director. During the year there were four Board meetings, four Audit Committee meetings, two Nomination Committee meetings and two Management Engagement Committee meetings.

Directors	Board meetings attended	Audit Committee meetings attended	Nomination Committee meetings attended	Management Engagement Committee meetings attended
Duncan Budge	4	4	2	2
Brian Finlayson	4	4	2	2
Michael Meyer Jensen	4	4	2	2
Angela Lane	4	4	2	2

Board Committees

There are three committees of the Board: the Nomination Committee, the Management Engagement Committee and the Audit Committee. The terms of reference for each committee are available on the Company's website. A report of the activity of each committee is set out below.

Due to the size of the Board, the Board has not established a separate Remuneration Committee and, as a whole, fulfils the function of the remuneration committee.

Nomination Committee

Members:

Duncan Budge (Chairman)
Brian Finlayson
Michael Meyer Jensen
Angela Lane

Due to the size of the Board, the Nomination Committee comprises all the independent non-executive directors. The Nomination Committee is responsible for identifying and nominating to the Board new Directors and for considering whether existing Directors should be re-elected. The Nomination Committee is also responsible for monitoring the composition, size and structure of the overall Board. The Nomination Committee aims to maintain an appropriate balance of skills and experience within the Board and,

together with the Board, supports the principle of diversity in the boardroom. Given the small size of the Board, it is not considered appropriate for the Company to have set targets or quotas in relation to diversity; candidates are assessed in relation to the relevant needs of the Company at the time of the appointment. The Nomination Committee is responsible for ensuring that any recruitment process takes account of the Company's diversity policy. From time to time, the Nomination Committee uses external specialist search consultants, as appropriate, to assist it in carrying out its responsibilities.

The Nomination Committee is chaired by Duncan Budge, except when this committee considers his succession and reviews his performance. In such circumstances, the Nomination Committee elects an alternative member to take the Chair. The Nomination Committee met twice in the year.

Management Engagement Committee

Members:

Duncan Budge (Chairman)
Brian Finlayson
Michael Meyer Jensen
Angela Lane

Due to the size of the Board, the Management Engagement Committee comprises all the independent non-executive Directors. The Management Engagement Committee reviews the performance of the Manager and its compliance with the terms of the Alternative Investment Fund Management Agreement. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Management Engagement Committee on an annual basis.

Audit Committee

Members:

Angela Lane (Chairman)
Duncan Budge
Brian Finlayson
Michael Meyer Jensen

The Audit Committee comprises all the independent non-executive Directors. The Directors believe that it is in the best interests of the Company that its Chairman, Duncan Budge, is a member of the Committee. The Board is satisfied that the Audit Committee has the necessary skills and experience to operate effectively. The Audit Committee Report is set out on pages 35 to 36.

Internal Controls

The Directors have overall responsibility for ensuring that there are systems of internal control in place, both financial and non-financial, and for reviewing their effectiveness. The purpose of the internal financial controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable. Such a system can provide reasonable, but not absolute assurance against material misstatement or loss.

Under the terms of the Alternative Investment Fund Management Agreement the day-to-day management and operation of the Company has been delegated to the Manager. Clear lines of accountability have been established between the Board and the Manager. The Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. The Manager is 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 the financial reports and performance statistics, including projections and management accounts from the Manager on a regular basis. Annually 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, including its risk management, 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 any significant business and operational risks faced by the Company and the Board has carried out a review of the effectiveness of this process. This process has been in place for the year ended 31 December 2019 and up to the date of the annual report and accounts.

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 provide sufficient assurance of the effectiveness of internal controls.

Relations with Shareholders

All shareholders have the opportunity to attend in person and vote at the AGM. The notice of the AGM sets out the business of the meeting and items of business are explained in the Directors' Report on pages 30 to 31. Separate resolutions are proposed for each substantive issue. Both the Board and representatives of the Manager are available to answer shareholders' questions at the AGM. Proxy voting figures are announced to shareholders at the AGM.

The Chairman and Manager hold regular discussions with substantial shareholders, the feedback from which is greatly valued by the Board. In addition, the Chairman and Directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company at any point during the year. They can be contacted at the registered office address of the Company noted on page 72. Additionally, the Chairman can be contacted via email at duncan.budge@dunedinenterprise.com. All correspondence received from shareholders is passed directly to the Chairman.

The Senior Independent Director is available to shareholders if their concerns have not been resolved through the normal channels or where these are inappropriate.

All communications by the Company with shareholders are approved by the Board.

The Company's website is www.dunedinenterprise.com. The Manager's presentation to shareholders will be available on the website after the AGM.

Articles of Association

The Articles of Association of the Company may be amended by special resolution of the Company.

Share buy-backs

Reference is made on page 26 of the Strategic Report for further information on share buy-backs.

Significant shareholdings

Reference is made on page 28 of the Director's Report for further information on the Company's significant shareholders.

By order of the Board,

Duncan Budge

Chairman
25 March 2020

Audit Committee Report

The Audit Committee is chaired by Angela Lane and comprises all of the Directors, all of whom are independent. The Audit Committee's principal responsibilities are:

- to review the interim and annual financial statements (and consider their integrity), interim management statements, announcements and matters relating to accounting policy, laws and regulations;
- to evaluate the risks to the quality and effectiveness of the financial reporting process;
- to review the consistency of accounting policies on a year on year basis;
- to review compliance with applicable accounting standards and make appropriate judgements, taking into account the views of the external auditor;
- where requested, to review the content of the Annual Report and Accounts and advise the Board whether the report as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy;
- to review and recommend for approval by the Board the valuation of portfolio investments;
- to review the effectiveness of the internal control systems and the policies and procedures for the identification and assessment of business risks and the management of these risks;
- to review corporate governance compliance;
- to review the nature and scope of the work to be performed by the external auditors, including monitoring the statutory audit of the annual financial statements;
- to evaluate the independence, objectivity, effectiveness, resources and qualifications of the auditors and develop and implement a policy on the engagement of the auditors to provide non audit services and to review such fees having regard to their independence;
- to conduct a tender process and make recommendations as to the appointment and remuneration of the external auditors; and
- to formally report to the Board on how it has discharged its duties.

The Audit Committee has a schedule which sets out its annual work programme to ensure it covers the areas within its remit appropriately. It met four times during the year to carry out its responsibilities and senior representatives of the Manager attended the meetings as required by the Audit Committee.

The external auditors attended the Audit Committee's meetings once in the year and met with the Audit Committee without representatives of the Manager being present. In between meetings, the Audit Committee chairman maintains ongoing dialogue with the Manager and the external audit partner.

The Audit Committee met four times during the year under review. The main agenda item discussed at each of these meetings was the valuation of portfolio investments.

During the year the Audit Committee carried out a review of its terms of reference and its own effectiveness. It concluded that the Audit Committee is satisfactorily fulfilling its terms of reference and is operating effectively.

Significant accounting matters

The significant issue considered by the Audit Committee during the year in relation to the financial statements of the Company was the valuation of unquoted investments.

The Company's accounting policy for valuing unquoted investments is set out in note 4 on pages 52 to 54. The Audit Committee reviewed and challenged the valuations prepared by the Manager taking account of the latest available information about the Company's investments and the Manager's knowledge of the underlying companies through their ongoing monitoring, position on portfolio company boards and participation on fund advisory committees. The Audit Committee satisfied itself that the valuation of investments had been carried out consistently with prior accounting periods, or that any change in valuation basis was appropriate, and in accordance with published industry guidelines.

The external auditors explained the results of their review of the procedures undertaken by the Manager for the valuation. On the basis of their audit work, no material differences were identified by the auditor.

Going Concern

The current investment policy of the Company is to conduct an orderly realisation of its assets leading ultimately to the liquidation of the Company. It was concluded that the financial statements should not be prepared on a going concern basis. No adjustments were necessary to the investment valuations or the recognition and measurement of other assets and liabilities included in the financial statements as a consequence of the basis of preparation. The auditor's report contains an "emphasis of matter" paragraph referring to the non-going concern basis of preparation.

External Auditor

KPMG LLP ("KPMG") were replaced by Johnston Carmichael LLP ("Johnston Carmichael") as auditor to Dunedin Enterprise with effect from 7 October 2019. This followed a competitive tender process undertaken by the Manager and the Audit Committee.

The Audit Committee made the decision to hold a competitive tender process as a result of the Financial Reporting Council's updated guidance on auditor independence. This has made it increasingly difficult for KPMG to provide non-audit services to either:-

- 1) portfolio companies held by Dunedin Enterprise; or
- 2) the limited partnership funds in which Dunedin Enterprise has an interest.

As a result, KPMG were not invited to participate in the tender process. The focus of the tender process was on mid-tier audit and accounting firms who would not be impacted by auditor independence issues.

Following a robust and thorough selection process, the Audit Committee recommended to the Board the appointment of Johnston Carmichael as auditor with effect from 7 October 2019. The selection of Johnston Carmichael was based upon their industry experience, cultural fit, local presence and cost efficiency. Johnston Carmichael is the largest independent firm of Chartered Accountants in Scotland. They are also part of the PKF international network of accounting firms.

In accordance with the requirements of section 519 of the Companies Act 2006, a letter from KPMG confirming their resignation was received on 7 October 2019. As noted in last year's Annual Report, under EU regulations a tender process to replace KPMG as auditor to the Company would have been required following the year ended 31 December 2022.

During the year the Audit Committee monitored the relationship with the external auditor with a view to ensuring that it did not provide non-audit services to the Company that had the potential to impair or appear to impair the independence of its audit role. In light of the restrictions of the FRC's Ethical Standard placed on the provision of non-audit services by the Company's auditor, the Audit Committee's policy is that no tax services will be provided by the auditor and that any other proposed non-audit services will require pre-approval by the Audit Committee. There were no non-audit services provided to the Company by the external auditor during the year ended 31 December 2019.

The external auditor, Johnston Carmichael, has provided details of other relationships it has with the Manager and confirmed to the Audit Committee that in its opinion it is independent of the Manager. The Audit Committee has reviewed the independence and objectivity of the external auditor. The Audit Committee is satisfied that the external auditor continues to demonstrate its independence.

The current audit partner is David Holmes, appointed on 7 October 2019. Under the rotation requirements of the FRC ES, the Johnston Carmichael audit partner will rotate every five years. David Holmes is in his first year.

During the year, and prior to the audit tender, the Audit Committee completed an external auditor performance evaluation questionnaire relating to KPMG. The Audit Committee reviewed and discussed the results of the questionnaire.

Risk Management and Internal Control

The Company does not have an internal audit function. The Audit Committee believes this is appropriate as all of the Company's management functions are delegated to the Manager which has its own internal control and risk monitoring arrangements. A report on these arrangements is prepared by the Manager and submitted to the Audit Committee which it reviews on behalf of the Board to support the Directors' responsibility for overall internal control as set out in the Governance Report on page 34. A copy of this report is provided to the external auditors for consideration.

The Company does not have a whistleblowing policy and procedure in place. The Company delegates this function to the Manager who is regulated by the FCA and has such policies in place. The Audit Committee has been informed by the Manager that these policies meet the industry standards and no whistleblowing took place during the year.

Angela Lane

Chairman of the Audit Committee
25 March 2020

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Section 420 of the Companies Act 2006. A resolution to approve the report will be proposed at the Annual General Meeting.

The Company's independent auditor, Johnston Carmichael, is required to give an opinion on certain information included in this report, as indicated below. The auditor's report on these and other matters is set out on pages 41 to 45.

Chairman's 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) Regulations 2013 ("2013 Regulations"), the Chairman confirms that there have been no major decisions taken on Directors' remuneration and no substantial changes relating to Directors' remuneration made during the financial year to 31 December 2019.

1) Directors' Remuneration Policy Report

This Report provides details of the remuneration policy for the Directors of the Company and is the same in all material respects as the policy put into practice by the Board. All Directors are non-executive, appointed under the terms of their letters of appointment and under the same terms as in force at the date of their appointment.

This Remuneration Policy was approved by a resolution of the Company's shareholders at the Annual General Meeting of the Company held on 11 May 2017 and was passed by 98.55% (7,361,780 votes) of shareholders voting in favour of the resolution and 1.45% (108,401 votes) voting against. Its provisions are applicable until the next triennial shareholder vote which will be at the AGM on 6 May 2020. The Remuneration Policy remains unchanged from that approved by shareholders in 2017. If the resolution is passed, the Remuneration Policy provisions set out below will apply until the next triennial shareholder vote unless shareholders approve amendments sooner. The Company does not intend making any significant changes to implementation of the Remuneration Policy in the current financial year.

Due to the size of the Board, the Board as a whole fulfils the function of the Remuneration Committee and considers any change in the Directors' Remuneration Policy, as well as implementation of that policy. A separate Committee has therefore not been established. The Company's Directors are all independent of the Manager.

The non-executive Directors of the Company and all new Directors of the Company are entitled to such rates of annual fees, together with any incremental fees payable in recognition of any Director's additional time commitment, as the Board at its discretion shall from time to time determine, subject to the aggregate annual fees not exceeding an amount set by

shareholders through the Articles of Association currently set at £200,000, and reimbursement of reasonable fees and expenses incurred by them in the performance of their duties. The level of fees paid to Directors is determined by assessing their time commitment and responsibilities in fulfilling their roles. The Chairman of the Board, Chairman of the Audit Committee and Senior Independent Director are paid higher fees, reflecting the greater amount of time spent on the Company's business. As well as monitoring the approach by similar investment trusts to fees, suitable external advice is sought where appropriate.

In line with the majority of investment trusts, no component of any Director's remuneration is subject to performance factors, introductory fees or an exit payment. Additionally, Directors are not eligible for pension benefits, share options, long-term incentive schemes or other benefits. As the Company has no employees, no consideration needs to be given to employment conditions in setting Directors' pay. Subject to the triennial shareholder vote, the Company has not sought shareholder views on its remuneration policy.

It is the Company's policy that Directors do not have service contracts. The terms of their appointment provide that in line with the provisions set by the Articles of Association, 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 three years thereafter. However, it is the policy of the Board that Directors are re-elected annually. The terms also provide that a Director may be removed from office with a notice period of three months. No compensation is payable for loss of office.

The Company indemnifies Directors in respect of costs, charges, liabilities, damages and expenses, arising out of any claims or proposed claims made for negligence, default, breach of duty, breach of trust or otherwise, or relating to any application under Section 1157 of the Companies Act 2006, in connection with the performance of their duties as Directors of the Company.

Table of Directors' Remuneration Components

	2019 ¹ £	2018 £
Chairman fee	34,000	34,000
Non-executive Director base fee	23,000	23,000
Additional fee for chair of the Audit Committee	3,000	3,000
Additional fee for Senior Independent Director	3,000	3,000

The fees noted above represent the entirety of fees paid to Directors.

1 Directors' fees may be increased, subject to the current maximum aggregate limit of £200,000 per annum stated in the Company's Articles of Association.

2) Directors' Remuneration Implementation Report

This report is prepared in accordance with Schedule 8 of the 2013 Regulations.

The rates of Directors' fees for the financial year to 31 December 2019 were set out in the Directors' Remuneration Report contained in the Company's 2018 Annual Report and Accounts. A non-binding ordinary resolution proposing adoption of the Remuneration Report was put to shareholders at the Company's Annual General Meeting held on 8 May 2019 and was passed by 99.5% (7,207,601 votes) of shareholders voting in favour of the resolution, 0.5% (32,508 votes) voting against.

In the financial year to 31 December 2019, no discretion has been exercised in the award of directors' remuneration. The Company does not anticipate making any significant changes to implementation of the Remuneration Policy in the current financial year.

Directors' emoluments for the year (audited)

All Directors who served during the year ended 31 December 2019 received the emoluments, in the form of fees, as described in the table below.

Single Total Figure Table (audited)

	2019 Annual Fees £	2018 Annual Fees £
Duncan Budge	34,000	34,000
Angela Lane	29,000	27,946
Brian Finlayson	23,000	23,000
Michael Meyer Jensen	–	–
Federico Marescotti (resigned 10 May 2018)	–	9,286
Total	86,000	94,232

The fees noted above represent the entire remuneration paid to Directors. Michael Meyer Jensen has waived his right to be paid a Director's fee.

Relative importance of expenditure on pay

As required by the 2013 Regulations, to allow shareholders to assess the relative importance of expenditure on pay, the table below demonstrates the total remuneration paid to the Directors compared to the distributions to shareholders by way of dividend and any other significant distributions and payments.

	2019 £	2018 £	Difference
Spend on Directors' fees	86,000	94,232	-9%
Distributions to shareholders:			
(a) dividends	412,881	1,135,422	-64%
(b) B share redemption (inc costs)	5,161,015	20,752,834	-75%

Statement of Directors' shareholding and share interests (audited)

The names of the Directors and their shareholdings in the Company as at 31 December 2019 are shown in the table below. The shareholdings of connected persons to the Directors are included in the figures below.

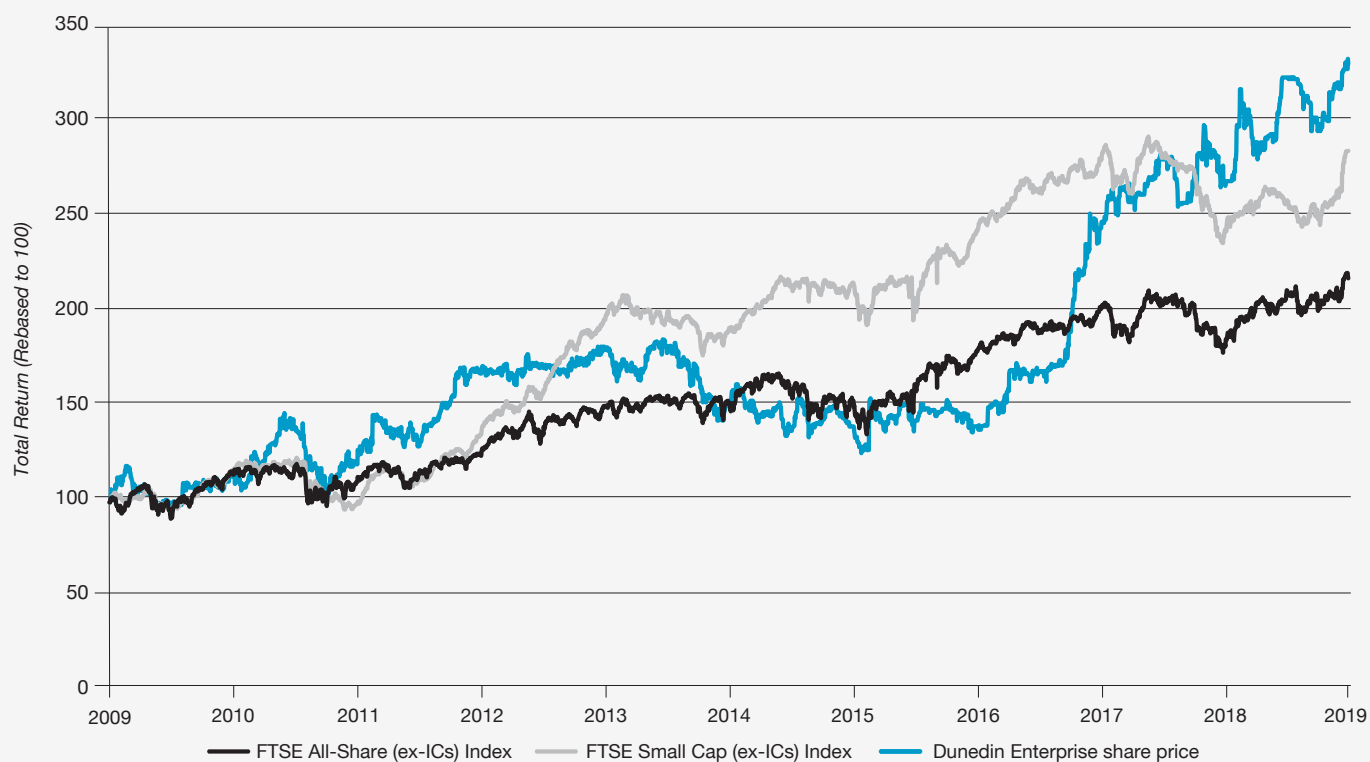
	2019 #	2018 #
Duncan Budge	52,850	46,850
Brian Finlayson	164,420	126,052
Michael Meyer Jensen	21,900	4,900
Angela Lane	34,712	15,000

The Company has not been notified of any changes to the Directors' shareholdings between 31 December 2019 and 25 March 2020.

In accordance with the Company's articles of association, no Director is required to hold any shares in the Company by way of qualification.

Share price total return

The graph below presents for the period from 31 December 2009 to 31 December 2019 the total shareholder returns compared to the total return on the FTSE Small Cap (ex-investment companies) and the FTSE All Share (ex-investment companies). These indices are chosen for comparative purposes only.



The Directors' Remuneration Report on pages 37 to 39 was approved by the Board of Directors and signed on its behalf on 25 March 2020.

Duncan Budge

Chairman

25 March 2020

Statement of Directors' Responsibilities

in respect of the Annual Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU 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 its profit or loss 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. As explained in note 1, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Strategic Report and 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.

We consider the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Duncan Budge

Chairman

25 March 2020

Independent Auditor's Report

To the members of Dunedin Enterprise Investment Trust PLC

Opinion

We have audited the financial statements of Dunedin Enterprise Investment Trust PLC ("the Company"), for the year ended 31 December 2019, which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a basis other than going-concern

We draw your attention to the disclosure made in note 1 to the financial statements which explains that the financial statements have not been prepared on the going concern basis because the Company's current objective is to conduct an orderly realisation of its investment portfolio and return cash to shareholders. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1.

Our opinion is not modified in respect of this matter.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on page 25 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 25 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 27 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 27 in the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>The key driver of the Company's net assets and total return is the valuation of investments.</p> <p>The investments are valued in accordance with the revised International Private Equity and Venture Capital (IPEV) Valuation Guidelines.</p> <p>Significant judgement is required in applying these principles and determining certain inputs to the valuation models.</p> <p>The valuation of unquoted investments as at 31 December 2019 was £80.6 million (2018: £75.3 million).</p> <p>As the investments are material to the overall performance of the Company and significant judgement is applied in valuing these, this is classified as a significant risk and key audit matter.</p>	<p>We obtained an understanding of the valuation process applied by the Company.</p> <p>We reviewed the valuation methodology applied for each investment to consider whether it was appropriate based on the investment's individual circumstances and consistent with observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines.</p> <p>We agreed all inputs which drive the overall valuation to source documentation.</p> <p>We challenged the Manager on key judgements such as multipliers and discounts applied, engaging our Corporate Finance specialist team to compare multiples and discounts applied to external sources of comparable investee companies.</p> <p>We considered the appropriateness and relevance of disclosures in accordance with relevant accounting standards.</p> <p>We found the Company's valuation of unquoted investments to be acceptable.</p>

Our application of materiality

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

Overall materiality – we have set materiality as 1% of net assets as we believe that net assets is the primary measure used by investors and is the key driver of shareholder value.

Materiality for the financial statements as a whole is £0.92 million.

Performance materiality – performance materiality represents amounts set by the auditor at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

In setting this we consider the Company's overall control environment and risk of material misstatement and based on our judgement of these factors, have set this at 75% of our planning materiality, therefore £0.69 million.

Audit Committee reporting threshold – we agreed with the Audit Committee that we would report to them all differences in excess of £18,350 which we set as 2% of planning materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.

An overview of the scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We took into account the activities, risk profile, organisation and effectiveness of controls of the Company, as well as changes in its business environment, when assessing the level of work we performed.

We assessed the risk of material misstatement, paying particular attention to significant judgements and estimates, for example, those involved in the valuation of unquoted investments. All audit work was performed directly by the engagement team, with the support of our specialist Corporate Finance colleagues in relation to unquoted investment valuation assumptions.

Other information

The other information comprises the information included in the Annual Report which includes all information other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that these items meet the following conditions:

Fair, balanced and understandable (set out on page 40) – the statement given by the directors that they consider 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 performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

Audit Committee Reporting (set out on pages 35-36) – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

Directors' statement of compliance with the UK Corporate Governance Code (set out on page 32) – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit.

However, the primary responsibility for the prevention and detection of fraud rest with those charged with governance of the Company and the Manager.

We evaluated the key risk of fraud to be the risk of management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation to judgements inherent in the valuation of unquoted investments and related party transactions.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with section 1158 of the Corporation Tax Act 2010. We also considered compliance with the Companies Act 2006 and the Listing Rules.

Audit procedures performed in response to these risks included:

- evaluation of the controls implemented by the Company and the Manager designed to prevent and detect irregularities;
- discussions with the Board and the Manager, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- detailed review of unquoted investment valuations (see key audit matters above);
- detailed review of carried interest calculations which impact the valuation of the Company's unquoted investments;
- recalculation of management fees;
- reperformance of the calculations to confirm the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010;
- using appropriate checklists and our experience to assess the Company's compliance with the Companies Act 2006 and the Listing Rules;
- reviewing financial statement disclosures to supporting documentation; and
- review of accounting journals during the year and up to the date of our audit fieldwork.

It should be noted that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 7 October 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of our total uninterrupted engagement is one year, covering the year ending 31 December 2019.

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

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

Use of our report

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

David Holmes (Senior Statutory Auditor)

For and behalf of Johnston Carmichael LLP

Statutory Auditor

Edinburgh, United Kingdom

25 March 2020

Income Statement

	Notes	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Investment income	5	1,390	–	1,390	778	–	778
Gains on investments		–	11,293	11,293	–	6,269	6,269
		1,390	11,293	12,683	778	6,269	7,047
Expenses							
Investment management fee	6	(15)	(46)	(61)	(49)	(148)	(197)
Other expenses	7	(390)	(39)	(429)	(448)	(113)	(561)
Profit before finance costs and tax		985	11,208	12,193	281	6,008	6,289
Finance costs	8	(27)	(80)	(107)	(66)	(197)	(263)
Profit before tax		958	11,128	12,086	215	5,811	6,026
Taxation	9	(25)	25	–	(38)	38	–
Profit for the year		933	11,153	12,086	177	5,849	6,026
Basic return per ordinary share (basic & diluted)	11	4.52p	54.02p	58.54p	0.86p	28.33p	29.19p

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with International Financial Reporting Standards as adopted by the EU. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies. All items in the above statement derive from continuing operations.

All income is attributable to the equity shareholders of Dunedin Enterprise Investment Trust PLC.

The notes on pages 50 to 63 form part of the financial statements.

Balance Sheet

	Notes	£'000	2019 £'000	£'000	2018 £'000
Non-current assets					
Investments at fair value through profit or loss	12		89,105		77,431
Current assets					
Other receivables	13	1,073		5,731	
Cash and cash equivalents		3,735		3,645	
		4,808		9,376	
Current liabilities					
Other liabilities	14	(2,166)		(1,572)	
		(2,166)		(1,572)	
Net current assets			2,642		7,804
Net assets			91,747		85,235
Capital and reserves					
Share capital	15		5,161		5,161
Capital redemption reserve	2		23,409		23,409
Capital reserve – realised	2		60,063		58,063
Capital reserve – unrealised	2		(3,877)		(13,030)
Special distributable reserve	2		1,151		6,312
Revenue reserve	2		5,840		5,320
			91,747		85,235
Net asset value per share			444.4p		412.9p

The financial statements were approved by the Board of Directors on 25 March 2020.

Duncan Budge, Chairman

The notes on pages 50 to 63 form part of the financial statements. The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

	£'000	2019 £'000	2018 £'000
Operating activities			
Profit before tax		12,086	6,026
Adjustments for:			
Gains on investments		(11,293)	(6,269)
Interest paid		107	263
Decrease/(increase) in debtors		4,658	(4,699)
Increase in creditors		594	1,398
Net cash inflow/(outflow) from operating activities		6,152	(3,281)
Investing Activities			
Purchase of investments	(2,696)		(13,942)
Drawdown from subsidiary	(112)		(162)
Purchase of 'AAA' rated money market funds	(12,862)		(47)
Sale of investments	3,401		11,251
Distribution from subsidiary	5,480		1,014
Sale of 'AAA' rated money market funds	6,410		21,413
Net cash (outflows)/inflows from investing activities		(379)	19,527
Financing Activities			
Redemption of B shares	(5,161)		(20,644)
Dividends paid	(413)		(1,135)
Interest paid	(107)		(263)
Net cash outflows from financing activities		(5,681)	(22,042)
Net increase/(decrease) in cash and cash equivalents		92	(5,796)
Cash and cash equivalents at 1 January		3,645	9,441
Effect of exchange rate movements on cash held		(2)	–
Cash and cash equivalents at 31 December		3,735	3,645

The notes on pages 50 to 63 form part of the financial statements.

Statement of Changes in Equity

	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
For the year ended 31 December 2019								
At 31 December 2018	5,161	23,409	58,063	(13,030)	6,312	5,320	56,665	85,235
Profit for the year	–	–	2,000	9,153	–	933	12,086	12,086
B shares issued during the year	5,161	(5,161)	–	–	–	–	–	–
B shares redeemed during the year	(5,161)	5,161	–	–	(5,161)	–	(5,161)	(5,161)
Dividends paid	–	–	–	–	–	(413)	(413)	(413)
At 31 December 2019	5,161	23,409	60,063	(3,877)	1,151	5,840	63,177	91,747

	Share capital £'000	Capital redemption reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
For the year ended 31 December 2018								
At 31 December 2017	5,161	23,409	57,936	(18,752)	26,956	6,278	72,418	100,988
Profit for the year	–	–	127	5,722	–	177	6,026	6,026
B shares issued during the year	20,644	(20,644)	–	–	–	–	–	–
B shares redeemed during the year	(20,644)	20,644	–	–	(20,644)	–	(20,644)	(20,644)
Dividends paid	–	–	–	–	–	(1,135)	(1,135)	(1,135)
At 31 December 2018	5,161	23,409	58,063	(13,030)	6,312	5,320	56,665	85,235

The notes on pages 50 to 63 form part of the financial statements.

Notes to the Accounts

1. General information and basis of preparation

Dunedin Enterprise Investment Trust PLC ('the Company') is a company incorporated and registered in the United Kingdom. The principal activity of the Company is that of a closed-ended investment trust within the meaning of Section 1158 of the Corporation Tax Act 2010 and its investment objective and policy is detailed in the Strategic Report.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs') which comprise standards and interpretations issued by the International Accounting Standards Board ('IASB'), and as applied in accordance with the provisions of the Companies Act 2006.

The annual financial statements have also been prepared in accordance with the AIC Statement of Recommended Practice for the Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in October 2019 ('the SORP'). Where presentation guidance set out in the SORP is consistent with the requirements of IFRSs, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The financial statements are presented in pounds sterling, rounded to the nearest thousand.

Going concern

The financial statements have not been prepared on a going concern basis, since the Company's current objective is to conduct an orderly realisation of the investment portfolio and return cash to shareholders. Following the Director's assessment, no adjustments were deemed necessary to the investment valuations or the recognition and measurement of other assets and liabilities included in the financial statements as a consequence of the change in the basis of preparation.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses at the date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the Financial Statements and significant estimates are disclosed in note 4.

2. Accounting Policies

a. Consolidation

Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company reassesses whether it has control if there are changes to one or more elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Company having power over an entity.

As at 31 December 2019 the Company has one subsidiary, a 100% controlling interest in Dunedin Funds of Fund LP ("FoF LP"). Under IFRS 10 'Consolidated Financial Statements', qualifying entities that meet the definition of an investment entity are not required to prepare consolidated financial statements and instead account for subsidiaries at fair value through profit or loss. The Directors deem the Company to be an investment entity and therefore the Company does not consolidate its subsidiary but instead carries it at fair value through profit or loss.

To qualify as an investment entity, the following criteria must be met by the entity:-

- holds more than one investment;
- has more than one investor;
- has investors that are not related parties to the entity; and
- has ownership interest in the form of equity or similar interests.

However, the absence of one or more of these characteristics does not prevent the entity from qualifying as an investment entity, provided all other characteristics are met and the entity otherwise meets the definition of an investment entity:

- it obtains funds from one or more investors for the purpose of providing those investor(s) with professional investment management services;
- it commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- it measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets all of the defined criteria of an investment entity and consequently the Directors deem that the Company is an investment entity.

2. Accounting Policies continued

FoF LP does not meet all the defined criteria of an investment entity as it is 100% owned by the Company. However, the Directors deem it is nevertheless an intermediate investment entity as the Company (which holds 100% of the interests in each entity) has a number of investors.

Therefore, as the Company meets the requirements of an investment entity, the Company accounts for its subsidiary at fair value through profit or loss in accordance with IFRS 9. The Investments at fair value through profit or loss carried in the Balance Sheet include the Company's investment in FoF LP. See note 12 for more detail on the investments held at fair value through profit or loss.

Accounting standards require that if an investment entity is the parent of another investment entity, the parent shall also provide the additional disclosures required by IFRS 12 'Disclosure of Interests in Other Entities'. These disclosures are set out in note 20.

b. Investments in Dunedin managed limited partnership funds

The Company indirectly holds investments via Dunedin managed limited partnership funds. These are accounted for on a look through basis in the Balance Sheet in "Investments at fair value through profit or loss". The Company's share of the current assets and current liabilities of each Dunedin managed limited partnership fund is accounted for in the Balance Sheet in "Other receivables" and "Other liabilities". Management fees paid by the Company to Dunedin managed limited partnership funds are included in the "Gains on investments" in the Income Statement accounted for through the "Capital reserve – realised".

c. Associated Undertakings

The Company holds a number of investments in entities over which it has significant influence which meet the definition of associates in IAS28 Investment in Associates. The Company has taken advantage of the exemption from applying IAS28 as these investments are held as part of the Company's portfolio with a view to the ultimate realisation of capital gains. These investments are accounted for at fair value through profit and loss rather than being consolidated.

d. Revenue/capital

The revenue column of the income statement includes all income and expenses except for the realised and unrealised profit and loss on investments and the proportion of management fee and finance costs charged to capital which are included in the capital column.

e. Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend basis. Dividends receivable on equity shares where no ex-dividend date is applicable are brought into account when the Company's right to receive payment is established.

Interest income on loans made to portfolio companies is brought into account on receipt. Prior to receipt, and where the valuation of the portfolio company supports it, accrued interest income is recognised in "Investments at fair value through profit or loss". The valuation methodology adopted by the Company is detailed in Note 4. On receipt of interest income from portfolio companies,

interest income previously recognised in "Investments at fair value through profit or loss" is transferred from "Gains on investments" to "Investment Income" in the Income Statement.

f. Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue column within the Income Statement except that:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column as incurred,
- expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments can be demonstrated, and accordingly the investment management fee and finance costs have been allocated 25% to revenue and 75% to capital in order to reflect the Directors' expected long-term view of the nature of the investment returns of the Company.

g. Cash and cash equivalents

Cash and cash equivalents comprise current deposits with banks. These are subject to an insignificant risk of changes in value and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

h. Financial assets and liabilities

(i) Classification

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss; and financial assets and liabilities at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition by management.

Financial assets at fair value through profit or loss

The financial assets comprise private equity investments and an investment in Dunedin Fund of Funds LP. The assets in this category are classified as non-current and are managed and evaluated on a fair value basis in accordance with the Company's Investment Strategy and Business Model.

Financial assets and liabilities at amortised cost

These assets and liabilities are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise other receivables, cash and cash equivalents and other payables.

Other receivables comprise prepayments and accrued income and are classified as current assets if receipt is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Cash and cash equivalents comprise demand deposits with banks and are subject to an insignificant risk of changes in value.

Other payables comprise accruals and are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(ii) Recognition and measurement

Purchases and sales of financial assets are recognised on the date of the transaction (the date on which the Company commits to purchase or sell the asset). Investments are initially recognised at fair value, being the consideration paid and are subsequently measured at fair value as determined by the Directors.

2. Accounting Policies continued

Fair value is defined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Directors based the fair value of investments on information received from the Manager. The Manager's assessment of fair value of investments is determined in accordance with IFRS 13 'Fair Value Measurement'.

Gains or losses arising from changes in the fair value for the 'investments at fair value through profit or loss' are presented in the Income Statement within 'gains/(losses) on investments' in the period in which they arise.

Financial liabilities at amortised cost consist of other payables. Other payables are initially recognised at fair value net of transaction costs incurred and classified as current. All purchases of financial liabilities are recorded on the trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values.

i. Taxation

Corporation tax payable is provided on taxable profits at the current rate. Any tax relief obtained on expenses is allocated between capital and revenue on the assumption that expenses charged to revenue are matched first against taxable revenue items. Tax relief is only reflected in capital to the extent that additional expenses are utilised from capital to reduce or eliminate the Company's tax liability.

Deferred taxation is provided on the balance sheet liability method on all temporary differences, calculated at the rate at which it is estimated that tax will be payable.

Due to the Company's status as an investment trust, and its 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 on disposal of investments.

j. Dividend

Dividends payable are recognised as a distribution and recorded in the Statement of Changes in Equity when they become a liability of the Company.

k. Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

l. Segmental analysis

The Directors are of the opinion that the Company is engaged in a single segment business, being investing in a portfolio of private equity funds or companies.

m. Reserves

Under the Company's articles of association, the Directors may, having obtained the relevant authority of Shareholders pursuant

to the implementation of the B share scheme, capitalise any sum standing to the credit of any reserve of the Company for the purposes of paying up, allotting and issuing B Shares to Shareholders.

- (i) Capital Redemption Reserve – the nominal value of Ordinary Shares if bought back and cancelled and the nominal value of B Shares redeemed and subsequently cancelled are added to this reserve. This reserve is non-distributable.
- (ii) Capital Reserve – realised – gains and losses on the disposal of investments are taken to the Capital Reserve – realised together with the proportion of management fees, finance costs and taxation allocated to capital.
- (iii) Capital Reserve – unrealised – unrealised gains and losses on investments are taken to the Capital Reserve – unrealised.
- (iv) Special Distributable Reserve – the special distributable reserve is available for the Company to return capital to shareholders and for buy back or Ordinary Shares or redemption of B Shares.
- (v) Revenue Reserve – the net profit/loss arising in the revenue column of the Statement of Comprehensive Income is added to this reserve. Dividends paid during the year are deducted from this reserve.

3. Accounting standards

In the current financial year the Company has applied a number of new IFRS's, amendments to standards and interpretations that are mandatorily effective for the accounting period that began on or at 1 January 2019. Their adoption has not had a material impact on the disclosure or on the amounts reported in the Financial Statements.

At the date of authorisation of these Financial Statements the Company has not applied the following new and revised IFRS's that have been issued but are not yet effective and had not yet been adopted but the EU at 31 December 2019: -

- IAS1 Presentation of Financial Statements (Amendments)
- IAS8 Accounting Policies, Change in Accounting estimates and errors (Amendments)

The Directors do not expect the adoption of the above standards will have a material impact on the Financial Statements of the Company in future periods.

4. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities, at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates. The key sources of estimation and uncertainty relate to the fair valuation of the unlisted investments.

4. Significant accounting judgements, estimates and assumptions continued

Judgements

It's the Company's judgement that it meets the definition of an investment entity within IFRS 10. The criteria which define an investment entity are as follows:

- (i) an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- (ii) an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both;
- (iii) an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Board has agreed with the recommendations of the Audit Committee that the Company meets the definition of an investment entity as it satisfies each of the criteria above and that this accounting treatment better reflects the Company's activities as an investment trust. Specifically, as an investment trust, the Company's principal activity is portfolio investment and the investment objective of the Company (stated in the Strategic Report on page 24) is to conduct an orderly realisation of its assets, to be effected in a manner that seeks to achieve a balance between maximising the value of the Company's investments and progressively returning cash to Shareholders.

The key judgements in the fair valuation process are:-

- (i) the Managers' determination of the appropriate application of the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines to each unlisted investment; and
- (ii) the Directors' consideration of whether each fair value is appropriate following detailed review and challenge.

The judgement applied in the selection of the methodology used for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the financial statements is the determination of the fair value of the unlisted investments by the Managers for consideration by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the balance sheet date. The fair valuation process involves estimates using inputs that are unobservable (for which market data is unavailable). Fair value estimates are cross-checked to alternative estimation methods where possible to improve the robustness of the estimate. As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Market Risk Sensitivity in note 19 on pages 61 to 62 illustrate the effect on the financial statements of an over or under estimation of fair values. The risk of an over or under estimation of fair values is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the Manager involves key assumptions dependent upon the valuation methodology used. As explained below, the primary methodologies applied are i) Earnings Multiple, ii) Revenue Multiple, iii) Net Assets and iv) Price of Recent Investment. The multiples approach involves more subjective inputs than the other approaches and therefore presents a greater risk of over or under estimation.

The key assumptions for the Earnings and Revenue Multiple approach are that the selection of comparable companies (chosen on the basis of their business characteristics) and using either historic or forecast revenues provide a reasonable basis for identifying the enterprise value of an investment in determining its fair value. Other assumptions include the appropriateness of the discount applied to the earnings and revenue multiple in recognition of the reduced liquidity of the investment.

The key assumption for the Price of Recent Investment method is that the prices used remain a reasonable proxy for fair value typically for a period of up to six months from the date of the relevant transaction. As the time from the reference transaction increases, the valuation is cross-checked to an Earnings Multiple based method to ensure reasonableness.

The key assumption for a Net Asset method is that for certain businesses the value of its net assets is a more appropriate method to determine its fair value. A discount will be applied to the net assets depending upon the nature of the underlying assets. The discount applied to assets has been cross-checked to independent valuers or external transactions.

Investments

Unlisted Investments

Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with the IPEV guidelines. The principal methodologies applied are market-based approaches and are follows:-

- Earnings Multiple;
- Revenue Multiple;
- Price of Recent Investment; and
- Net Assets.

The nature of the unlisted portfolio currently will influence the valuation methodology applied.

- the Price of a Recent Investment will be applied only for a limited period (typically up to six months) after the date of acquisition. Generally, after this limited period investments will be valued on the Earnings Multiple basis;

4. Significant accounting judgements, estimates and assumptions continued

- when valuing on an Earnings Multiple basis, the maintainable earnings of a company (EBITDA) are multiplied by an appropriate multiple. An appropriate multiple is sense checked against a basket of recent market transactions. The multiple may be discounted when compared to recent market transactions to reflect the relative size, growth and market segment of the comparable companies;
- when valuing on a Revenue Multiple basis, the maintainable revenue of a company is multiplied by an appropriate multiple. An appropriate multiple is sense checked against a basket of recent market transactions. The multiple may be discounted when compared to recent market transactions to reflect the relative size, growth and market segment of the comparable companies;
- an investment may be valued by reference to the value of its net assets. This is appropriate for businesses whose value derives mainly from the underlying value of its assets rather than earnings. In certain circumstances a discount will be applied to those assets depending on their nature;
- when investments have obtained an exit (either by listing or trade sale) after the valuation date but before finalisation of the relevant accounts (interim or final), the valuation is based on the exit valuation;

- accrued interest on loans to portfolio companies is included in valuations where there is an expectation that the interest will be received;
- the fair value of the Company's investment in Dunedin Fund of Funds LP is deemed to be the net assets of the LP as it is the Directors' opinion that the net assets is derived from the fair value of the underlying investments as at the measurement date; and
- investments are valued net of carried interest which has arisen in the underlying funds. Carried interest is recognised at the point in time that the underlying fund achieves its hurdle rate of return.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and are then transferred to the unrealised capital reserve. Gains or losses on investments realised in the year that have been recognised in the Income Statement are transferred to the realised capital reserve. In addition, any prior unrealised gains or losses on such investments are transferred from the unrealised capital reserve to the realised capital reserve on disposal of the investment. Gains and losses arising from changes in fair value are considered to be realised only to the extent that they are readily convertible to cash in full on the balance sheet date.

5. Investment income

	2019 £'000	2018 £'000
Interest income – UK	–	603
Limited partnership income – UK	1,299	101
'AAA' rated money market funds	63	47
Other income	2	1
	1,364	752
Deposit interest*	26	26
Total income	1,390	778

* income arising from financial assets that are not investments designated as fair value through profit or loss.

6. Investment management fee

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Investment management fee	15	46	61	49	148	197

Dunedin provides investment management and general administration services to the Company. The terms of the management fee arrangements are detailed on page 64.

7. Other expenses

Profit on ordinary activities before taxation is shown after charging the following amounts:

	2019 £'000	2018 £'000
Auditor's remuneration	30	29
Director fees	86	94
Legal fees	17	28
Printing and postage	34	34
Broker fees	10	20
Registrar fees	15	18
Regulatory fees	28	44
Depository fees	33	40
Other	94	94
Irrecoverable VAT	43	47
	390	448

The Company does not directly employ any staff. The expense disclosed above relating to auditor's remuneration is the total for the Company. A breakdown of auditor's remuneration between audit and non-audit services provided to the Company and subsidiaries is included below.

Expenses incurred in relation to the issue of B shares amounted to £39,386 (2018: £108,773).

	2019 £'000	2018 £'000
Fees payable to the auditor:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	30	25
Fees payable for other services:		
The audit of the Company's subsidiaries pursuant to legislation	3	4
Total audit fees	33	29
Non-audit services		
Audit related assurance services	–	–
Total non-audit fees	–	–
Total fees payable to the auditor by the Company and its subsidiaries	33	29

8. Finance costs

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
On bank loans and overdraft:						
Repayable in less than 5 years	23	70	93	58	174	232
Banking facility arrangement fee	4	10	14	8	23	31
	27	80	107	66	197	263

9. Taxation on profit on ordinary activities

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
(a) Analysis of charge/(credit) for the year:						
UK corporation tax at 19% (2018: 19%)	25	(25)	–	38	(38)	–
	25	(25)	–	38	(38)	–

The UK corporation tax rate was 19% throughout the year (2018 – effective tax rate of 19%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020.

The tax assessed for the year is lower than the rate of corporation tax. The differences are explained below.

(b) Factors affecting the tax charge for the year:

	2019 £'000	2018 £'000
Total return on ordinary activities before tax	12,086	6,026
UK Corporation Tax at 19% (2018: 19%)	2,296	1,145
Effects of:		
Capital (gain) not subject to corporation tax	(2,146)	(1,191)
Expenses not deductible	7	18
Non-taxable partnership income and expenses	(145)	(50)
Excess management expenses utilised	(12)	78
	–	–

At 31 December 2019, the Company had net surplus management expenses of £5,713,000 (2018: £5,780,000) in respect of which a deferred tax asset has not been recognised. This is because the Company is not expected to generate taxable income in a future period in excess of deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future liabilities through the use of existing surplus expenses.

Subsequent to year end, a reversal of these plans and maintenance of the current 19% rate was announced in the UK Budget, March 2020. Management do not consider this revision of tax rates to have a financially material impact.

10. Dividends

Amounts recognised as distributions to equity holders in the year:

	2019 £'000	2018 £'000
Final dividend for the year ended 31 December 2018 – 2.0p paid 16 May 2019	413	–
Final dividend for the year ended 31 December 2017 – 5.5p paid 17 May 2018	–	1,135
	413	1,135

The total dividend paid and proposed in respect of the financial year, which is the basis upon which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered, is noted below.

	2019 £'000	2018 £'000
Final dividend for the year ended 31 December 2019 – 5.0p to be paid on 15 May 2020	1,032	–
Final dividend for the year ended 31 December 2018 – 2.0p paid on 16 May 2019	–	413
	1,032	413

11. Return per ordinary share

The returns per ordinary share are based on the following figures:

	2019 £'000	2018 £'000
Revenue return	933	177
Capital return	11,153	5,849
	12,086	6,026
Weighted average number of shares in issue	20,644,062	20,644,062

12. Investments

All investments are designated fair value through profit or loss at initial recognition, therefore all gains and losses arise on investments designated at fair value through profit or loss. Given the nature of the Company's investments the fair value gains recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and therefore the movement in these fair values are treated as unrealised.

The Company is a limited partner in Dunedin Buyout Fund II, Dunedin Buyout Fund III, Equity Harvest Fund and Dunedin Fund of Funds LP. The table below details Dunedin Enterprise's investment holdings by fund entity.

	2019 £'000	2018 £'000
Direct	265	319
Dunedin Buyout Fund II LP	37,780	35,714
Dunedin Buyout Fund III LP	36,031	27,246
Equity Harvest Fund LP	2,104	1,851
Dunedin Fund of Funds LP	4,372	10,200
	80,552	75,330
'AAA' rated money market funds and cash deposits	8,553	2,101
	89,105	77,431

On a look through basis Dunedin Enterprise's investments are detailed below.

	2019 £'000	2018 £'000
Unlisted UK investments	76,180	65,130
Unlisted European investments	4,372	10,200
'AAA' rated money market funds and cash deposits	8,553	2,101
	89,105	77,431

Funds realised from listed and unlisted investments have been utilised to make investments in 'AAA' rated money market funds.

Valuation of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- **Level 1:** Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3:** Valuation techniques using inputs that are not based on observable market data (unobservable inputs). This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

12. Investments continued

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2019 £'000	2018 £'000
Level 1		
'AAA' rated money market funds and cash deposits	8,553	2,101
Level 2	–	–
Level 3		
Unlisted investments	80,552	75,330
	89,105	77,431

The following shows a reconciliation from the beginning to the end of the year for fair value measurements in Level 1 and Level 3 of the fair value hierarchy.

	Level 3 UK Unlisted £'000	Level 3 European Unlisted £'000	Level 1 'AAA' rated money market funds £'000	Total £'000
Book cost at 31 December 2018	81,631	6,729	2,101	90,461
Unrealised (depreciation)/appreciation	(16,501)	3,471	–	(13,030)
Valuation at 31 December 2018	65,130	10,200	2,101	77,431
Purchases at cost	2,696	112	12,862	15,670
Sales – proceeds	(3,401)	(5,480)	(6,410)	(15,291)
Sales – realised gain on sales	(786)	2,928	–	2,142
Increase in unrealised appreciation/(depreciation)	12,541	(3,388)	–	9,153
Valuation at 31 December 2019	76,180	4,372	8,553	89,105
Book cost at 31 December 2019	80,140	4,289	8,553	92,982
Closing unrealised (depreciation)/appreciation	(3,960)	83	–	(3,877)

There have not been any movements between the levels of the fair value hierarchy during the year.

	Level 3 UK Unlisted £'000	Level 3 European Unlisted £'000	Level 1 'AAA' rated money market funds £'000	Total £'000
Book cost at 31 December 2017	78,394	7,581	23,467	109,442
Unrealised appreciation/(depreciation)	(20,771)	2,019	–	(18,752)
Valuation at 31 December 2017	57,623	9,600	23,467	90,690
Purchases at cost	13,942	162	47	14,151
Sales – proceeds	(11,251)	(1,014)	(21,413)	(33,678)
Sales – realised gain on sales	546	–	–	546
Increase in unrealised appreciation	4,270	1,452	–	5,722
Valuation at 31 December 2018	65,130	10,200	2,101	77,431
Book cost at 31 December 2018	81,631	6,729	2,101	90,461
Closing unrealised appreciation/(depreciation)	(16,501)	3,471	–	(13,030)

12. Investments continued

	2019 £'000	2018 £'000
Realised gains based on cost	2,142	546
Unrealised (appreciation)/depreciation recognised in prior years	(2,927)	812
	(785)	1,358
Increase in unrealised appreciation	12,080	4,910
Other movements	(2)	1
Total gains on investments	11,293	6,269

Included within unlisted investments are investments valued at £39.9m (2018: £37.6m) where the Company's interest is between 20% and 50% of the equity. These investments have been accounted for at fair value through profit or loss as set out in Note 2(a).

Significant interests

(a) At 31 December 2019, the Company held between 20% and 50% of the allotted share capital of the following companies:

Name	Country of incorporation or registration	% of equity held	% of equity held directly and through funds	Latest available accounts	Share capital & reserves £'000	EBITDA £'000
Dunedin Buyout Fund II LP	Scotland	29.7	29.7	31.12.19	n/a	n/a
Equity Harvest Fund LP	England	47.4	47.4	31.12.19	n/a	n/a
Premier Hytemp Topco Limited	Scotland	–	23.0	30.09.18	(20,149)	(213)
Red Topco Limited	England	–	20.1	31.03.19	(15,380)	4,468

(b) Other interests of 10% or more of any class of allotted share capital:

Name	Country of incorporation or registration	% of equity held directly	% of equity held directly and through funds
Kingsbridge Group Limited	England	–	12.4
Dunedin Buyout Fund III LP	Scotland	19.6	19.6
EV Holdings Limited	England	–	10.6
Formaplex Group Limited	England	–	19.4
Hawksford International Limited	Jersey	–	17.8
Weldex (International) Offshore Holdings Limited	Scotland	–	15.1

Equity percentages shown are fully diluted, based on the latest audited accounts available, to take account of options and warrants which have been issued, and conversion rights.

13. Other receivables

	2019 £'000	2018 £'000
Prepayments	45	66
Other debtors	1,028	5,665
	1,073	5,731

Other debtors consist of the Company's share of current assets of the Dunedin managed limited partnership funds in which it has an interest.

14. Other liabilities

	2019 £'000	2018 £'000
Accruals	75	83
Other creditors	2,091	1,489
	2,166	1,572

A revolving credit facility of £5m is available to the Company until 31 May 2020. The rate of interest on the revolving credit facility is 2.5% above LIBOR.

Other creditors consist of the Company's share of the current liabilities of the Dunedin managed limited partnership funds in which it has an interest.

15. Called-up share capital

Ordinary Shares

	Nominal No. '000	31 December 2019 £'000	Nominal No. '000	31 December 2018 £'000
Allotted, called-up and fully paid ordinary shares: At 1 January 2019 and 31 December 2019	20,644	5,161	20,644	5,161

B Shares

	Nominal No. '000	31 December 2019 £'000	Nominal No. '000	31 December 2018 £'000
Allotted, called-up and fully paid B shares: At 1 January 2019	–	–	–	–
Issued during the year	516,102	5,161	41,288	20,644
Repurchased during the year	(516,102)	(5,161)	(41,288)	(20,644)
At 31 December 2019	–	–	–	–

The capital of the Company is managed in accordance with its investment policy and objectives which are detailed in the Strategic Report on page 24.

During the year ended 31 December 2019, 516,101,600 B shares were issued fully paid by way of bonus issue at nominal value of 1p per share on 12 June 2019. These B Shares were redeemed at their nominal value on 12 June 2019 at cost of £5.2m.

At 25 March 2020 no ordinary shares have been repurchased since 31 December 2019. The Directors exercise the power to make repurchases only where they believe a repurchase is in the interests of the members as a whole and will result in an increase in the net asset value per ordinary share. The Company does not hold any shares in treasury.

16. Net asset value per share

The net asset value per share is calculated on shareholders' funds of £91,746,830 (2018: £85,235,463) and on 20,644,062 ordinary shares in issue at the year end (2018: 20,644,062).

17. Capital commitments

There were outstanding capital commitments of £22.2m (2018: £19.4m) in respect of investments at the end of the year.

Outstanding capital commitments are as noted below:-

	2019 £'000	2018 £'000
Dunedin Buyout Fund II LP	5,135	5,135
Dunedin Buyout Fund III LP	16,307	13,679
Equity Harvest Fund LP	–	–
Realza Capital FCR	713	602
	22,155	19,416

18. Contingencies

There were no contingent liabilities at the year end (2018: £nil).

19. Financial instruments and associated risks

The Company's financial instruments comprise ordinary shares, fixed and floating interest rate investments, cash balances and liquid resources. The Company holds financial assets in accordance with its investment policy to invest in unquoted companies both directly and through specialist vehicles. Investments are valued at fair value. For quoted stocks this is at bid price unless this is not considered to be an accurate representation of fair value. In respect of unquoted investments, these are fair valued by the Directors using rules consistent with International Private Equity and Venture Capital Valuation Guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet.

The Company's investing activities expose it to types of risk that are associated with the financial instruments and the market in which it invests. The most important types of financial risk to which the Company is exposed are market risk, interest rate risk, credit risk, liquidity risk and currency 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 – the risk that the value of a financial instrument will change as a result of changes to market prices is one that is fundamental to the Company's objective. The portfolio is continually monitored to ensure an appropriate balance of risk and reward in order to achieve the Company's objective. Some of the risk can be mitigated by diversifying the portfolio across business sectors, asset classes and regions. Details of the Company's investment portfolio at the balance sheet date are disclosed in the schedule of investments on pages 12 to 22. The Company's overall market positions are monitored by the Manager on an ongoing basis and by the Board quarterly.

Market risk sensitivity

88% (2018: 88%) of the Company's net assets are invested in unquoted companies. The fair value of the unlisted companies is influenced by estimates, assumptions and judgements made in the fair valuation process (see note 4 on pages 52 to 54). A sensitivity analysis is provided below which recognises that the valuation methodologies employed involve different levels of subjectivity in their inputs.

As at 31 December 2019

	Fair value of investments £'000	Variable Input Sensitivity (%)	Impact £'000	% of Net Assets
Earnings multiple	53,115	±10	±7,281	±7.9
Revenue multiple	10,148	±10	±944	±1.0
Net assets	11,729	±20	±5,595	±6.1

As at 31 December 2018

	Fair value of investments £'000	Variable Input Sensitivity (%)	Impact £'000	% of Net Assets
Earnings multiple	48,699	±10	±7,334	±8.6
Net assets	23,761	±20	±6,284	±7.4
Recent transaction	9,350	±10	±935	±1.1

Interest rate risk – some of the Company's financial assets are interest bearing, at both fixed and variable rates. As a result the Company is subject to exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates. The table below analyses the Company's financial assets and details the weighted average interest rate and life of fixed rate lending.

Financial Assets of the Group

31 December 2019	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Currency				
Sterling	61,789	12,288	14,126	88,203
Euro	2,166	–	2,471	4,637
Total	63,955	12,288	16,597	92,840

19. Financial instruments and associated risks continued

31 December 2018	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Currency				
Sterling	61,868	5,746	2,943	70,557
Euro	4,964	–	5,555	10,519
Total	66,832	5,746	8,498	81,076

The fixed rate assets comprise fixed rate lendings to investee companies. Fixed rate lendings have a weighted average interest rate of 6% per annum (2018: 9%) and a weighted average life to maturity of 3.5 years (2018: 2.7 years). The floating rate assets consist of cash and “AAA” rated cash OEIC’s. The nil interest rate bearing assets represent the equity content of the investment portfolio. Interest rate risk is managed on an ongoing basis by the Manager and on a quarterly basis by the Board.

Due to the relatively short period to maturity of the floating rate investments held within the portfolio, it is considered that an increase or decrease of 25 basis points in interest rates as at the reporting date would not have had a significant effect on the Group’s net assets or total return for the period.

Credit risk – credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The portfolio consists of the following financial instruments:

	2019 £'000	2018 £'000
Unquoted debt	63,955	66,832
AAA rated cash OEICs	8,553	2,101
Cash deposits	3,735	3,645
Total	76,243	72,578

Investment in unquoted companies either directly, via Dunedin managed funds or via third party managed funds (both limited partnership funds and quoted stocks) is by its nature subject to potential credit losses. The Company’s exposure to any one entity is carefully monitored. The unquoted investment portfolio is further diversified by asset class, sector and region. Liquid assets (cash deposits and AAA rated cash OEIC’s) are divided between a number of different financial institutions, each of whose credit rating is assessed. Credit risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Liquidity risk – the Company has significant investments in unquoted companies which are inherently illiquid. As a result, the Company may not be able to liquidate quickly some of its investments in these companies at an amount close to its fair value in order to meet its liquidity requirements. The Company manages its liquid investments to ensure sufficient cash is available to meet contractual commitments and also seeks to have cash or readily convertible investments available to meet other short-term financial needs. The Company has access to a £5m borrowing facility. Liquidity risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Currency risk – the Company is exposed to currency risk as a result of investing in companies and funds denominated in euros. The sterling value of these investments can be influenced by movement’s in foreign currency exchange rates. Currency risk is monitored by the Manager on an ongoing basis and on a quarterly basis by the Board.

Currency Rate Sensitivity

At 31 December 2019, if Sterling had strengthened by 5% in relation to all currencies, with all other variables held constant, total net assets would have decreased by the amounts shown below. A 5% weakening of sterling against all currencies, with all other variables held constant, would have had an equal but opposite effect on the Financial Statement amounts. The analysis is performed on the same basis for 2018.

	2019 £'000	2018 £'000
Euro	241	348
Total	241	348

20. Investments in unconsolidated entities

Details of the undertakings which were unconsolidated subsidiaries held at 31 December 2019 and 31 December 2018 are listed below:

Name:	Dunedin Fund of Funds LP
Direct or indirect holding:	Direct
Country of incorporation:	Scotland
Principal activity:	Private equity fund of funds
Proportion of share:	100%

	Dunedin Fund of Funds LP £'000
Valuation at 31 December 2018	10,200
Net capital movements	(5,367)
Valuation movements	(461)
Valuation at 31 December 2019	4,372

21. Related party transactions

The Company has investments in Dunedin Buyout Fund II LP, Dunedin Buyout Fund III LP, Dunedin Fund of Funds LP and Equity Harvest Fund LP. Each of these limited partnerships are managed by Dunedin. The Company has paid a management fee of £0.6m (2018: £0.7m) in respect of these limited partnerships. The total investment management fee payable by the Company to the Manager is therefore £0.7m (2018: £0.9m).

Since the Company began investing in Dunedin Buyout Funds ("the Funds") executives of the Manager have been entitled to participate in a carried interest scheme via the Funds. Performance conditions are applied whereby any gains achieved through the carried interest scheme associated with the Funds are conditional upon a certain minimum return having been generated for the limited partner investors. Additionally, within Dunedin Buyout Fund II LP and Dunedin Buyout Fund III LP the economic interest of the Manager is aligned with that of the limited partner investors by co-investing in this fund.

As at 31 December 2019 there is a provision made within Investments for carried interest of £8.0m (2018: £5.1m) relating to Dunedin Buyout Fund III LP and £1.4m (2018: £1.4m) relating to Equity Harvest Fund LP. Current executives of the Manager are entitled to 85% of the carried interest in Dunedin Buyout Fund III LP and 14% of the carried interest in Equity Harvest Fund LP.

Management Fees (unaudited)

The terms of the management fees are:-

Vehicle	Fee
Fund of Funds Limited Partnership	1.5 per cent on the value of investments plus 0.5 per cent on undrawn commitments to third party funds
Direct investments in individual companies	1.5 per cent on the value of investments
Dunedin Managed Funds	Same fees as paid by third party investors in such Funds
Third party managed funds	1.5 per cent on value of investments
Listed private equity funds	1.5 per cent on the value of investments
Cash	0.5 per cent on cash balances not committed to funds through the Dunedin Fund of Funds LP

The notice period on the alternative investment fund management agreement is 12 months. No compensation payment is payable by the Company to the Manager on termination except where: (i) the Company notifies the Manager of an intended breach of, or change to, any value of the agreed thresholds and profiles and in the opinion of the Manager, the intended breach or proposed change in value is such that it would cause the Manager to be in breach of, or otherwise become unable to comply with, its obligations under the AIFMD Rules; or (ii) the Manager notifies the Company of any proposed change to any value of the agreed thresholds and profiles expressly required by the FCA and the Company does not agree to the proposed change, in which case the Manager is entitled to receive an amount equal to the remuneration it would have received had the full 12 months' termination notice been given.

Notice of Annual General Meeting (“AGM”)

Notice is hereby given that the forty-fifth Annual General Meeting of the shareholders of Dunedin Enterprise Investment Trust PLC will be held at 2.00 pm on 6 May 2020 at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN for the following purposes:

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 10 will be proposed as ordinary resolutions and resolutions 11 to 12 will be proposed as special resolutions.

Ordinary Business

1. To receive and adopt the report of the Directors and auditor's and the audited accounts for the year ended 31 December 2019.
2. To approve the Directors' remuneration policy.
3. To approve the Directors' remuneration report for the year ended 31 December 2019.
4. To declare a final dividend for the year ended 31 December 2019.
5. To re-elect Angela Lane as a Director.
6. To re-elect Duncan Budge as a Director.
7. To re-elect Brian Finlayson as a Director.
8. To appoint Johnston Carmichael LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
9. To authorise the Directors to fix the remuneration of the auditors.
11. That, in substitution for any existing authority, the Company be and is hereby 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 25 pence each in the capital of the Company provided that:
 - (i) the maximum number of ordinary shares hereby authorised to be purchased is 3,094,545;
 - (ii) the minimum price which may be paid for an ordinary share shall be 25 pence (excluding expenses);
 - (iii) the maximum price (exclusive of expenses) which shall be paid for an ordinary share shall be not more than the higher of: (i) an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the shares are purchased; (ii) the price of the last independent trade on the trading venue where the purchase is carried out; and (iii) the highest current independent purchase bid on that venue.
 - (iv) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (or, if earlier, the date which is 15 months after the passing of this resolution) unless the authority is varied, revoked or renewed prior to such time; and
 - (v) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract notwithstanding such expiry.

Special Business

10. That, in substitution for any existing authority, pursuant to section 551 of the Companies Act 2006, the directors be generally and unconditionally authorised to exercise all powers of the Company to allot and issue from time to time, credited as fully paid up, B shares up to an aggregate nominal amount of £153,550,860.50 (being the remainder of the aggregate nominal amount of £200,000,000 that may be allotted (as approved on 11 May 2017) following the allotment of B shares on 4 December 2017, 5 February 2018, 9 October 2018 and 12 June 2019) to the holders of ordinary shares of 25p each in the capital of the Company on a *pro rata* basis as determined by the Directors from time to time. Unless previously varied, revoked or renewed, this authority shall expire at the conclusion of the Annual General Meeting of the Company in 2021 (save that the Company may, before the expiry of any power contained in this resolution, make any offer or agreement which would or might require B shares to be allotted after such expiry and the Directors may allot B shares in pursuance of such offer or agreement as if the power conferred hereby had not expired).
12. That a general meeting other than an annual general meeting may be called at not less than 14 clear days' notice.

By Order of the Board

Dunedin LLP

Secretary
31 March 2020

Registered Office:

Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN

Notes

1. **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action to be taken, you should seek personal financial advice from your independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriate independent financial adviser.
2. If you have sold or otherwise transferred all your shares in Dunedin Enterprise Investment Trust PLC, please forward this document, together with the Form of Proxy enclosed, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.
3. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Appointment of a proxy does not preclude a member from attending the meeting and voting in person.
4. To appoint a proxy using the enclosed Form of Proxy, it must be lodged by 2.00 pm on 4 May 2020 with the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.
5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the register of members at 6.30pm on 4 May 2020. If the meeting is adjourned then, to be so entitled, members must be entered on the register of members 48 hours before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice. In the case of joint holders, the vote of the senior holder who tenders a vote shall be accepted to the exclusion of the votes of the other joint holder(s). 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).
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. As at 31 March 2020 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consisted of 20,644,062 ordinary shares of 25 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 31 March 2020 are 20,644,062.
9. Any member attending the AGM has the right to ask questions. Pursuant to Section 319A of the Companies Act 2006, the Company must provide an answer to any question which is put by a member relating to the business being considered, except if a response would not be in the interests of the Company or for the good order of the meeting or if to do so would involve the disclosure of confidential information. The Company may however elect to provide an answer to a question, within a reasonable period of days after the conclusion of the AGM.
10. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares and shares of each class in respect of which members are entitled to exercise voting rights at the AGM, and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.dunedinenterprise.com.
11. Shareholders may require the Company to place on its website a statement, made available also to the Company's auditors, setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which shareholders intend to raise at the Annual General Meeting. The Company becomes required to place such a statement on the website once a) members with at least 5% of the total voting rights of the Company or b) at least 100 members who are entitled to vote and on whose shares an average sum per member of at least £100 has been paid, have submitted such a request to the Company. A request (i) must identify the statement to which it relates; (ii) must be authenticated by the person making it; (iii) must be received by the Company at least one week before the AGM. Members seeking to do this should write to the Company at its registered office providing their full name and address.
12. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

13. 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. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
14. 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 issuer's agent (ID RA19) by 2.00 pm on 4 May 2020 (excluding any parts of the day that is not a business day), or in the event of an adjournment of the meeting, 48 hours before the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent 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.
15. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK and 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, to procure that his/her 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 CREST manual can be viewed at www.euroclear.com.

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.
16. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
17. Shareholders who prefer to register the appointment of their proxy electronically via the internet can do so through Equiniti's website at www.sharevote.co.uk where full instructions on the procedure are given. The Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy will be required in order to use this electronic proxy appointment system. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy electronically by logging on to their portfolio at www.shareview.co.uk and then log onto your portfolio using your usual ID and password. Once logged in simply click "View" on the "My Investments" page, click on the link to vote then follow the on-screen instructions. The on-screen instructions give details on how to complete the appointment process. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 2.00 pm on 1 May 2020 (excluding any parts of the day that is not a business day).
18. Under Section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 12, may, subject to conditions, require the Company to give to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) the resolution must not be defamatory of any person, frivolous or vexatious; (iii) the request must identify the resolution to which notice is to be given; (iv) the resolution must be received by the Company not later than 6 weeks before the Annual General Meeting; (v) the resolution must be authenticated by the person making it; and (vi) members seeking to do this should write to the Company at its registered office providing their full name and address.
19. Under Section 338A of the Companies Act 2006, a member or members meeting the qualification criteria set out at note 12, may, subject to conditions, require the Company to include in the business to be dealt with at the Meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) the matter of business must not be defamatory of any person, frivolous or vexatious; (ii) the request must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (iii) must be accompanied by a statement setting out the grounds for the request; (iv) must be authenticated by the person or persons making it (see note 12); and (v) must be received by the Company not later than 6 weeks before the Annual General Meeting.
20. Copies of the letters of appointment for directors will be available for inspection at the offices of CMS Cameron McKenna Nabarro Olswang LLP, Cannon Place, 78 Cannon Street, London, EC4N 6AF and at the Company's registered office from the date of this notice until the conclusion of the Annual General Meeting and at the Annual General Meeting itself for at least 15 minutes prior to the beginning of the meeting until the end of the meeting.
21. The Company continues to monitor the impact of the coronavirus (Covid-19) outbreak in the United Kingdom. Although the Board still intend for the AGM to go ahead as planned, you will be aware that the Government has announced that they are advising individuals not to undertake any non-essential travel, and to avoid large gatherings in venues such as restaurants, clubs and theatres.

While it is not clear how long these measures will be in place, it is possible that they may affect attendance at the AGM. Shareholders are encouraged to refer to the latest guidance on the Government's official websites: – www.gov.uk/guidance/coronavirus-covid-19-information-for-the-public and www.gov.scot/coronavirus-covid-19/.

While it is a legal requirement for the Company to hold the AGM in order to pass essential shareholder resolutions, circumstances may require the normal proceedings to be shortened or amended and for public health reasons we will not plan to offer refreshments this year.

To this end, shareholders are strongly encouraged to exercise their right to vote and to submit proxies well in advance of the deadline. Even if attendance in person at the AGM is currently planned, the impact of coronavirus may result in disruption to shareholders plans at the time of the AGM. Please note that appointing the chairman of the AGM as a proxy, rather than a named individual (including specific board members) will ensure your vote will be cast at the meeting.

In addition to completing the enclosed Form of Proxy and returning it to Equiniti as per the instructions on the form shareholders can submit proxies online by logging onto www.sharevote.co.uk. To use this service shareholders will need their Voting ID, Task ID and Shareholder Reference Number printed on the Form of Proxy. Full details of the procedure are given on the website. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint a proxy by logging on to their portfolio at www.shareview.co.uk using their usual user ID and password. Once logged in simply click "view" on the "My Investments" page, click on the link to vote, then follow the on-screen instructions. Any such votes need to be cast by no later than 2.00 p.m. on 4 May 2020.

If it is necessary to provide you with further information about the Annual General Meeting, or notify you about any alternative arrangements, we will do so on our website (www.dunedinenterprise.com) by 4 May 2020.

Information for Investors

Dunedin Enterprise is managed by Dunedin. Dunedin is authorised and regulated by the Financial Conduct Authority. All enquiries in relation to Dunedin Enterprise, other than those related to Alliance Trust Savings Limited products, should be directed to Dunedin at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN or info@dunedinenterprise.com.

The Company's share price is available on the Company website www.dunedinenterprise.com or else on various websites such as www.trustnet.com.

Investors can buy and sell shares in an investment trust directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. An investment trust should be considered only as part of a balanced portfolio.

Registrar

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West Sussex BN99 6DA

Telephone: 0371 384 2440
International: +44 121 415 7047
Website: www.shareview.co.uk

Glossary of Terms and Definitions and Alternative Performance Measures

Buy-out fund

A fund which acquires stakes in established unquoted 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.

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.

Net Asset Value ("NAV") per Ordinary Share

The value of the Company's assets and cash held less any liabilities for which the Company is responsible divided by the number of shares in issue.

NAV Total Return

The NAV total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the net asset value. The dividends or capital returned are assumed to be re-invested in the quarter that the dividend or capital return is paid.

Ongoing Charges

Management fees and all other recurring operating expenses that are payable by the Company excluding the costs of purchasing and selling investments, finance costs, taxation, non-recurring costs and costs of returning capital to shareholders, expressed as a percentage of the average net asset value during the period.

Premium/Discount

The amount by which the market price per share of an investment company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

Secondary transaction

The purchase or sale of an investment and its undrawn commitment (if any) to a fund or collection of fund interests in the market.

Share buy-back transaction

The repurchase by the Company of its own shares which will reduce the number of shares on the market.

Share price total return

The share price total return is calculated by adding dividends and capital returned in the period to the increase or decrease in the share price. The dividends or capital returned are assumed to be re-invested on the day the share price goes ex-dividend.

See page 26 for details of the Company's key performance indicators ("KPI's") and how the Directors assess some of these Alternative Performance Measures.

AIFMD Disclosures (unaudited)

Dunedin is required to make certain periodic disclosures to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the www.dunedinenterprise.com. There have been no material changes to the disclosures contained within the PIDD since first publication on 6 March 2017.

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

- None of the Company's assets are subject to special arrangements arising from their illiquid nature;
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity risk management systems of Dunedin;
- The current risk profile of the Company and the risk management systems employed by Dunedin to manage those risks are found in the PIDD. The risk limits set by Dunedin have not been exceeded; and
- In accordance with the requirements of AIFMD, Dunedin has put in place a compliant remuneration policy, which is available from the Company Secretary on request. The Company Secretary can be contacted at Dunedin LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN. All remuneration disclosures required will be included in the annual report of the Company for the year ending 31 March 2020.

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

	Gross Method	Commitment Method
Maximum level of leverage	1.2:1	1.2:1
Actual level as at 31 December 2019	1:1	1:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement.

Changes to the information required to be disclosed to investors under AIFMD will be notified via a regulatory news service without undue delay.

Financial Calendar

Announcements, dividend payments and the issue of the annual and interim reports for the year ended 31 December 2019 and half year end 30 June 2020 can be expected in the months shown below:

March

Year end results and final dividend for the year announced.

April

Report and accounts published.

May

Annual General Meeting held and payment of final dividend.

September

Interim report for half year to 30 June published.

A preliminary announcement of unaudited net asset value for each quarter will be made around one month following the quarter end.

Corporate Information

Directors

Duncan Budge, Chairman (duncan.budge@dunedinenterprise.com)
Brian Finlayson
Michael Meyer Jensen
Angela Lane

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Manager, Secretary & Registered Office

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