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Scottish Oriental Smlr Co Tst PLC
12 November 2025

THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUST PLC

Annual Financial Report for the year ended 31 August 2025

- During the year under review the Company's Net Asset Value ('NAV') Total Return decreased by 1.6 per cent., compared to the MSCI AC Asia ex Japan Small Cap Index return of 8.2 per cent and the MSCI AC Asia ex Japan Index return of 16.6 per cent.
- The Board is proposing a final dividend of 2.9p per share (2024: 2.8p* per share) and an additional special dividend of 0.5p per share (2024: 1.6p* per share).

Financial Highlights

Total Return Performance for the year ended 31 August 2025

Net Asset Value	(1.6)%[A]	MSCI AC Asia ex Japan Small Cap Index (£)	8.2%
Share Price	3.5%[A]	MSCI AC Asia ex Japan Index (£)	16.6%
Final dividend of 2.9p per share		FTSE All-Share Index (£)	12.6%

Summary Data at 31 August 2025

Shares in issue	115,116,330	Shareholders' Funds	£381.9m
Net Asset Value per share	331.7p	Market Capitalisation	£345.3m
Share Price	300.0p	Share Price Discount to Net Asset Value[A]	9.6%
Ongoing Charges Ratio[AB]	0.99%	Active Share (MSCI AC Asia ex Japan Small Cap Index)[C]	97.7%
Ongoing Charges Ratio (excluding performance fee)[AB]	0.99%		

[A] Alternative Performance Measure

[B] No performance fee is payable for the year ended 31 August 2025 (2024: £98,000), please refer to note 2 on page 55 of the Annual Report for more details.

[C] The Active Share ratio figures illustrate the extent to which The Scottish Oriental Smaller Companies Trust plc's portfolio differs from the index; 100 per cent would indicate that there is no overlap whatsoever.

* Adjusted for the five-for-one share split.

A Glossary of Terms and Alternative Performance Measures is provided on pages 66 to 68 of the Annual Report.

Chairman's Statement

I am pleased to present the Annual Report of the Company for the year ended 31 August 2025, my fourth as Chairman.

Investment Performance

During the year under review the Company's Net Asset Value ('NAV') Total Return decreased by 1.6 per cent. This was disappointing compared to the returns of the MSCI AC Asia ex Japan Small Cap Index, the MSCI AC Asia ex Japan Index, and the FTSE All-Share Index which were 8.2 per cent, 16.6 per cent and 12.6 per cent respectively during the same period. The Company's share price rose by 2.0 per cent during the period under review, which,

including the dividend, produced a Share Price Total Return of 3.5 per cent.

In the year to 31 August 2025, Asian equity markets were positive overall but volatile, with performance led by a narrow group of larger technology stocks, particularly in China. This concentration of returns was also a theme within smaller companies where those exposed to the semi conductor and artificial intelligence sectors did particularly well in the second half of the year. While this backdrop proved challenging, our Portfolio Managers - who are bottom-up investors - remained focused on identifying well-run businesses with strong competitive advantages and the ability to deliver attractive returns on capital. Market volatility during the year provided opportunities to add to such quality companies at more appealing valuations, even if these investments have yet to be reflected in short-term market performance. We remain confident that smaller, well-managed Asian companies offer compelling long-term potential, particularly where they are supported by powerful structural and demographic growth trends.

In their report starting below, the Portfolio Managers provide an interesting review of the history of the Company which explains how the portfolio has evolved since the launch of the Company, and the challenges which they have faced. Whilst they do highlight mistakes over this period, these mistakes have helped the Portfolio Managers to learn and identify potential "red-flags" ahead of any new investment. Despite the challenges faced, the Company has been one of the top performing investment trusts since its launch in 1995.[1]

I would encourage shareholders to keep up to date on the performance of the portfolio through the Company's website at www.scottishoriental.com.

Discount Management

Although investment performance has not been as strong as in previous years, it is welcome to report that the share price discount to NAV had substantially narrowed to 9.6 per cent as at 31 August 2025 (31 August 2024: 14.0 per cent).

During the year, the Company bought back 2,772,500[2] ordinary shares representing 2.4 per cent of shares in issue as at 31 August 2024. The Company's average discount during the period was 14.2 per cent (2024: 14.5 per cent). The Board continues to use discretion to re-purchase shares in the market in order to help manage both the level and volatility of the discount.

Since the year end the Company's discount has widened to 13.1 per cent and the Company has increased the rate and quantum of buybacks, repurchasing a further 1,235,848 shares.

Marketing

The Board, together with the Investment Manager, place emphasis on raising the Company's profile and engaging effectively with both existing and potential shareholders through a proactive marketing campaign.

Building on the progress achieved under the refreshed marketing strategy a further phase of the marketing campaign went live in October 2025. This phase will continue to raise awareness of the Company with a focus on print and digital media across various target publications such as FT, Yahoo Finance, Reddit, The Telegraph, The Times and Investors Chronicle.

Both the Board and the Manager are committing additional resources to support the ongoing marketing activities with the aim of attracting new shareholders.

Revenue and Final Dividend

The Company's revenue earnings have decreased from 5.55p per share to 4.51p per share. Although revenue has decreased, it has remained strong enough to allow the Board to propose an increased final dividend of 2.9p per share (2024: 2.8p[2]). Following a reduction in special dividends received in the year to 31 August 2025 the Board proposes a reduced special dividend of 0.5p per share (2024: 1.6p[2]). The final and special dividends will be paid on 6 February 2026 to shareholders on the register as at 9 January 2026.

Share Split

At the Company's Annual General Meeting held on 29 January 2025, shareholders approved a five for one share split. The Company's share price had risen to £14.65 (as at 29 January 2025) and the share split was implemented with the aim of assisting monthly savers and those who reinvest their dividends or are looking to reinvest smaller amounts. In

aim of assisting monthly savers and those who reinvest their dividends or are looking to reinvest smaller amounts. In addition, the share split should improve liquidity in the Company's shares to the benefit of all shareholders.

Board Composition

The Board's composition is undergoing a planned period of transition to ensure continuity and ongoing effectiveness. Having advised that she will be unable to continue to devote the necessary time to Board duties due to family commitments, Uma Bhugtiar retired from the Board on 28 October 2025. Andrew Baird, who has served on the Board since June 2017, will retire in June 2026. To ensure succession planning is implemented in a phased manner, I, as Chairman, having served on the Board since March 2017, intend to retire in June 2027.

The Board has commenced a recruitment process to identify and appoint suitably qualified successors in advance of these planned retirements, to maintain an appropriate balance of skills, experience and independence. An update on this process will be provided in due course.

Annual General Meeting

The Annual General Meeting ('AGM') of the shareholders of the Company will be held on Wednesday, 28 January 2026 at the offices of Juniper Partners, 28 Walker Street, Edinburgh at 12.15pm. The Board looks forward to meeting as many of you as possible who can attend the meeting in person.

As always, the Board welcomes communication from shareholders throughout the year, and I can be contacted directly through the Company Secretary at cosec@junipartners.com.

Jeremy Whitley
Chairman

11 November 2025

[1] AIC - The 50 investment trusts that would have made you an ISA millionaire.

[2] Adjusted for the five-for-one share split

Portfolio Managers' Report

In this report, we address the following topics:

1. Company Performance
2. History doesn't repeat, but it rhymes
3. Recent Portfolio Activity
4. Ten Largest Investments as at 31 August 2025
5. Sector & Geographic Analysis
6. Portfolio Outlook

1. Company Performance

Scottish Oriental's performance was disappointing over the past year. Its net asset value fell by 1.6%, compared to a gain of 8.2% in the MSCI AC Asia ex Japan Small Cap Index. In particular, during the second half of the reporting period (subsequent to "Liberation Day" in the United States of America), we witnessed a sharp concentration in returns favouring semiconductor and artificial intelligence related companies in Taiwan, Korea and China. The Trust's exposure to these sectors is low. In contrast, smaller companies in India, Indonesia and the Philippines, particularly those in the consumer sectors, did not keep pace with the returns delivered by the index. This trend of weak relative performance for Scottish Oriental has persisted subsequent to the reporting period as well.

Over the thirty years during which the Trust has operated, we have witnessed similar periods of exaggerated expectations, particularly during times of technology change. The investment philosophy and process which guide our portfolio decisions remain unchanged.

We continue to spend our time meeting companies across markets, with recent visits to all the Asian economies to which the Trust is exposed. These visits have led to robust idea generation across a range of sectors. Scottish Oriental's portfolio comprises a group of market-leading businesses in under-penetrated categories. These companies

are led by experienced management teams, operate in large addressable markets with significant growth opportunities and have a track record of earning high returns on capital employed (ROCE) based on disciplined capital allocation. We are excited about their potential to emerge as the large companies of the future.

Top Five Contributors

Company	Country	Sector	Absolute Return (Sterling) %	Contribution Performance %
NetEase Cloud Music	China	Communication Services	180.2	3.8
DPC Dash	China	Consumer Discretionary	28.7	2.3
Uni-President China	China	Consumer Staples	37.4	1.9
JNBY Design	China	Consumer Discretionary	58.6	1.9
Radico Khaitan	India	Consumer Staples	35.3	0.6

The key contributors for Scottish Oriental's performance include:

NetEase Cloud Music is the second-largest online music platform in China, and is part of an attractive duopoly with Tencent, the market leader, which gives both firms strong pricing power. The company reported strong growth in profits in 2025 thanks to an increasing number of paying subscribers. Non-subscription music revenue also grew, due to a rise in digital album sales, but revenue from other areas, such as social entertainment services, declined. The company is optimising its strategy to focus on its core music business, where we see further revenue upside potential, as a result of the platform's young user base and high retention rate.

DPC Dash is the exclusive franchise operator of Domino's Pizza in China. Its shares rose this year owing to strong store profitability, which exceeded analyst expectations. The company continued to show strong momentum in new openings, adding 190 stores in the first half of the year. DPC Dash now operates more than 1,000 stores across China and boasts increasing brand recognition and customer loyalty.

Uni-President China, which operates leading instant noodle and beverage brands in China, rose after reporting consistent growth led by stronger distribution and market share gains compared to its leading competitor.

JNBY Design is the leading premium fashion apparel retailer in China. The company's shares rose after it posted an increase in revenues and profits. JNBY continued to benefit from the strength of its product portfolio, which encompasses diverse brands that cater to different demographics, and from customers enrolled in its annual membership scheme.

Radico Khaitan is one of the largest spirits companies in India, whose flagship product, Magic Moments, is the leading vodka brand in the country. Its shares rose after it reported strong sales and market-share gains despite subdued consumer sentiment in its domestic market. The company also shared an optimistic outlook for its portfolio of premium-brand spirits, driven by ongoing premiumisation and demographic tailwinds.

Top Five Detractors

Company	Country	Sector	Absolute Return (Sterling) %	Contribution Performance %
Colgate-Palmolive (India)	India	Consumer Discretionary	-40.1	-2.1
Philippine Seven	Philippines	Consumer Staples	-31.6	-1.5
Uni-Charm Indonesia	Indonesia	Consumer Staples	-55.9	-1.0
Whirlpool of India	India	Consumer Discretionary	-46.6	-0.7
Kansai Nerolac Paints	India	Materials	-24.3	-0.7

Colgate-Palmolive (India) is the leader in oral care in India. After a period of exceptional performance, the company's shares declined in 2025 due to greater competition and concerns about its growth in light of the challenging demand environment. However, the company maintains a solid franchise with high barriers to entry. It is currently working on a reformulation of key products such as Colgate Strong Teeth toothpaste, which will provide higher efficacy and improved taste and should help drive improvements in sales growth. The recent reduction in Goods & Services Tax in the oral care category is likely to improve product affordability and support a revival in demand.

Philippine Seven is the exclusive franchise operator for 7-Eleven stores in the Philippines. The company's shares

declined after it reported disappointing earnings results. Same-store sales fell due to a mixture of factors, including a disruption to the real estate market in Metro Manila, and a problem with the e-wallet system used by the chain's payments partner. Seasonal typhoons also had an impact in July and August 2025. However, the group continues to expand its store-count lead over its competitors, and we believe the risk-reward looks compelling at current valuations.

Uni-Charm Indonesia has a dominant position in the sale of sanitary products in Indonesia, led by the premium brand positioning and technology of its parent, Unicharm Japan. The company reported a fall in revenues and profits in 2025, as it grappled with increasing competition from local peers, which engaged in aggressive distribution and pricing strategies.

Whirlpool of India has a strong position in several consumer durable products in India, such as refrigerators, washing machines and air conditioners. The company reported an improvement in its profitability and market shares during the year. However, its share price declined as its parent, Whirlpool Corporation, announced a planned reduction in its stake in the business, to de-leverage its balance sheet.

Kansai Nerolac Paints is a leading Indian manufacturer of decorative paints and industrial and automotive coatings. The company registered disappointing sales in its decorative paints business due to subdued consumer sentiment, increased competition, and operational disruptions in the north of the country amid geopolitical tensions between India and Pakistan. However, the company's longer-term prospects look bright, particularly in its automotive and industrial businesses, which continue to benefit from ongoing premiumisation trends in India.

2. History doesn't repeat, but it rhymes:

30 years of investing in Asian Smaller Companies

As 2025 marks the thirtieth anniversary of the founding of Scottish Oriental, this is a good time to look back at the history of the Trust and the factors that have helped and hindered our investments in Asian smaller companies during the period.

Over the past three decades, Asia has transformed beyond recognition. The Trust has witnessed the currency collapses of the Asian Financial Crisis, the tech-driven boom and bust of the dotcom era, the upheavals of the Global Financial Crisis, and the wrenching dislocations that followed the outbreaks of SARS and Covid-19. We have watched China's ascent to become a technological superpower and India's emergence as a regional growth engine.

While these events have posed challenges, they have also created immense opportunities. As bottom-up investors, we are constantly on the lookout for well-run businesses with strong competitive advantages and the ability to deliver attractive returns on capital. In this section, we review the evolution of the portfolio since 1995 and lessons we have learnt from managing the Trust's assets through periods of both profound crisis and robust growth. At a time when hype around new technology is once again fuelling an investor frenzy, the past may well prove to be a useful guide.

1995-1999: After launch, an immediate test

When Scottish Oriental was established in March 1995, the investing landscape in Asia looked very different from today. Hong Kong was still a British colony, with the China handover still two years away. Markets that have since become mainstays of global investment portfolios - including mainland China, India, South Korea and Taiwan - were difficult for foreign equity investors to access. Others, including Vietnam, Pakistan and Bangladesh, were closed to foreigners altogether.

This context shaped how the Trust deployed its initial £23.7 million in capital. Hong Kong and Singapore, which boasted relatively well-developed stock markets and a growing number of listed smaller companies, received the bulk of the investment. By contrast, mainland China and India combined accounted for a mere 1.6% of the portfolio by the close of the Trust's first financial year.

At this early stage, the portfolio was spread across a large number of holdings - over 100 in total - partly as a way to diversify risk at a time when many smaller Asian firms had short trading records and had yet to be tested in difficult market conditions.

We did not need to wait long for such conditions to arrive. In July 1997, the Thai government, grappling with a widening current account deficit, was forced to sharply devalue the baht. This move catalysed the Asian Financial

Crisis. On the eve of the crisis, 18% of Scottish Oriental's investment portfolio was held in Thailand, and more than 55% in the broader Southeast Asian region. Net asset value plunged 57.3% in the 1998 financial year. But the investment team's long-term, fundamentals-orientated philosophy came into its own amid the fallout, as opportunities emerged to buy strong companies at a discount. "For those willing to trawl the regional markets for smaller fry, there are exceptional bargains to be found," portfolio managers wrote in their yearly review, pointing to their confidence in the high-quality management teams among holdings. "When the economic recovery comes - and it will - we expect that profit growth and subsequent stock market re-ratings will astound even the most optimistic investor."

The following year, a rebound in the value of the Trust's holdings bore this prediction out: net asset value rose by 112%, and the share price by 145%. The crisis had proved a useful stress-test, not just of the Trust's nascent portfolio, but of the wider universe of smaller Asian companies.

2000-2004: From the dotcom bubble to the China boom

By 2000, Asian markets were frothy with investor exuberance once again. The excitement surrounding Silicon Valley Internet companies spilled over into Asia, with sharp rises in the valuations of tech-related stocks, particularly those in India and Taiwan.

The dotcom bubble burst in March of that year, when the US tech index corrected and the value of many popular internet stocks collapsed, contributing to a US recession over the subsequent months. Global growth slowed and Asian markets fell sharply, but Scottish Oriental preserved capital, largely thanks to disciplined stock selection. Holdings in companies exposed to domestic consumption, which remained resilient across the region were major contributors to overall returns. We also began to find more attractive opportunities in India, where corporate governance was improving and smaller companies were starting to benefit from trends such as the rise in service-sector outsourcing among large Western firms.

2005-2009: A focus on resilience

By the time of the Trust's tenth anniversary in 2005, the investment team observed positive longer-term structural developments such as a fall in corporate debt and a flourishing dividend culture in many parts of Asia. Nevertheless, valuations were becoming steep.

By August 2007, the Portfolio Manager's Review was questioning "the investment community's appetite for risk" in the face of "the deteriorating outlook for America's sub prime debt market". That year, the Trust sold shares in several Chinese companies on fundamental valuation grounds, mostly those with exposure to the US economy. "In its pursuit of capital preservation as well as growth, the Trust's Board and its Investment Manager have always accepted that it is sometimes necessary to forego short-term gains," as the Review put it.

Over the following two years, as the Global Financial Crisis engulfed the world's markets, the investment team strived to maintain its focus on companies with robust franchises and low debt burdens. Scottish Oriental's enduring commitment to consumer-facing firms in Southeast Asia through this challenging time reflected our belief that citizens, companies and policymakers in the region had learned valuable lessons from the Asian Financial Crisis. Having suffered through that episode, households had generally kept their savings high and their debts low; companies, too, were far less leveraged than they had been a decade earlier.

The portfolio's exposure to these kinds of firms was a factor in the Trust's outperformance when market sentiment turned in 2009. Scottish Oriental's net asset value increased 20% that year (compared with a rise of 9% for the MSCI Asia ex-Japan Index and 19.2% for the MSCI Asia ex-Japan Small Cap Index), with holdings in Thailand, Malaysia, Indonesia and the Philippines among the positive contributors.

2010-2014: A pivot to India

Companies in Taiwan and South Korea began to account for a larger proportion of the portfolio during this decade. The most significant shift, however, was the increase in the Trust's allocation to India, which leapt from 1.5% of the portfolio in 2012 to 10.7% in 2013.

While the Portfolio Manager Review of that year noted increasing appetite across the country for muchneeded political reforms, the rise in India exposure was not a "top down" bet on the direction of the Indian economy. As always, the Trust's asset allocation was a function of the investment team's stock selections, and we had begun

to identify numerous high-quality Indian franchises that would be able to prosper even in the event that GDP growth remained soft.

2015-2019: Consolidation of the portfolio

This period saw a gradual shift in the portfolio, away from mature economies in ASEAN to India, Indonesia, Philippines and China. Many consumer companies had reached expensive valuations after many years of strong consumer spending in the Association of Southeast Asian Nations (ASEAN) region; around this time, we also noticed declining earnings growth among firms with operations in important markets such as Singapore and Malaysia, as these economies matured.

Steering clear of such value traps, we began to consolidate our Southeast Asia holdings into higher-conviction investments in Indonesia and the Philippines. These markets had much lower penetration levels across categories which provided companies with a stronger runway for growth.

Troubled by a rise in debt across the region in these volatile circumstances, we prioritised investments in companies with net-cash balance sheets and paid careful attention to firms that looked at risk of being caught in the geopolitical crossfire. We undertook an in-depth review of the portfolio in 2019, stepping up our meetings with management teams to assess their fitness for purpose in an increasingly challenging macroeconomic environment. In cases where we couldn't build true conviction in a company's prospects, we opted to divest. The Trust's portfolio was also consolidated significantly, with the share of the top ten and twenty holdings increasing consistently, following increased conviction in their prospects.

2020-2024: The pandemic and recovery

Like many crises, the Covid-19 pandemic happened gradually, then suddenly. Rumours of a virus circulating in central China quickly gave way to global panic, as governments around the world imposed movement restrictions to curb transmission. In most cases, the testing conditions of the pandemic reassured us of the strengths of key holdings, and we saw opportunities to deploy the dry powder we had built up before the crisis hit. While movement restrictions in India, Philippines and Indonesia continued to affect our investments in those markets into 2022, the broader portfolio performed well in both absolute and relative terms between 2021 and 2024. As the crisis eased and economies reopened, we resumed in-person meetings and spotted an increasing number of interesting opportunities in China, where some smaller companies were showing an ability to grow consistently through gaining market share despite the weak performance of the Chinese economy. Examples included **DPC Dash**, the exclusive franchise operator of Domino's Pizza in China, and online music platform **NetEase Cloud Music.**

We funded these purchases partly by selling some of our Indian holdings, which had risen to unreasonably high valuations. Although India continued to be the portfolio's top country exposure, we also added some geographic diversification, taking advantage of greater flexibility in the Trust's mandate to acquire our first, small position in New Zealand in 2024.

Staying the course: 2025 and beyond

Comparing the Trust's holdings in 2025 with its first investments in 1995, it's difficult not to be struck by the differences. Thanks to our efforts to consolidate into higher-conviction holdings, there are now just 55 companies in the portfolio, down from over 100 in 1995, and the top 10 investments account for 40% of shareholders' funds, compared with just over 22% three decades ago. Exposure to mainland China and India has risen from 2% to over 60%, reflecting the staggering economic expansion and rapid pace of new company formation in these countries over the last 30 years.

Despite the changes, the Scottish Oriental portfolio remains the outcome of the same bottom-up, long-term, conservative methodology that has driven the Trust's investments since the beginning. The rationale behind our holdings - businesses that are well managed by executives with whom we feel aligned as minority shareholders, many of them strong franchises in under-penetrated consumer categories with long runways for growth - would have been immediately recognisable to the Trust's first investment team three decades ago. While the investment philosophy and process remain unchanged, the economic landscape in Asia is evolving rapidly. This is creating opportunities for the Trust. Some of these changes are detailed below.

(1) The consumer landscape across the region is evolving. As per-capita incomes in the region have grown, consumers in large Asian economies such as China and India are rapidly shifting from consumer staples to more

consumers in large Asian economies such as China and India are rapidly shifting from consumer staples to more discretionary forms of consumption. This has led to rapid growth in domestic travel, leading to **Atour Lifestyle** expanding its network of managed hotels in China. In India, the property cycle remains robust, with aspirational consumers buying their first homes. This is leading to robust growth in demand for air-conditioners, paints and wires & cables, which has been a tailwind for companies including **Blue Star, Akzo Nobel** and **KEI Industries**. The recent initiative of the Indian government to reduce indirect taxes across several consumer categories is expected to spur consumption in the country.

(2) The changes in global supply-chains started with the inception of the trade tensions in 2018 and have accelerated recently. Over this period, manufacturers in Asia have invested in technology, expanded their product portfolios and used their cost-efficiency to enhance their competitiveness. They are also using their market-leadership in their domestic businesses as a launchpad to build larger operations globally. This includes companies such as **Hongfa Technology**, which has emerged as the market leader in manufacturing relays, **Airtac International**, one of the largest pneumatic component manufacturers in China, and **Haitian International**, the world's largest manufacturer of plastic injection moulding machines. As their customers navigate a more complex trade situation by optimising their manufacturing footprint, these companies are gaining market share in their respective categories.

(3) A marked shift has been the increasing technological intensity among enterprises and the daily lives of consumers. This has thrown up several opportunities for us. It includes the emergence of new consumer platforms, such as **NetEase Cloud Music**, a leading music streaming platform in China which has built a strong proposition for younger consumers. The proliferation of consumer hardware and penetration of technology into areas such as automotive and industrial applications, has also created tailwinds for companies such as **Silergy** and **Sporton International**, which have strong positions in different parts of the value-chain from designing integrated circuits to testing consumer products. Enterprises have also required increased support as they navigate changes in the technology landscape, from the emergence of digital applications to the transition to cloud-based technology infrastructure. **FPT** in Vietnam has built a leading position in helping Japanese enterprises adapt to these emerging technologies, which it is now using to expand to other large global markets.

An equally relevant aspect of the Trust's evolution over the past thirty years is the mistakes we have made. While painful, the lessons learnt from these have helped to strengthen our investment process and informed our portfolio construction today.

Learning the lessons: Three big investment mistakes

While there is much to be proud of in our record of managing Scottish Oriental's portfolio since 1995, we must also acknowledge some significant investment mistakes over the last 30 years. Looking back, these have tended to fall into three broad categories.

First, *investing in companies with a limited track record.* While we prefer to invest in firms that have proven their ability to generate cashflows and deliver returns on capital over the long term, we occasionally make exceptions where we see emerging opportunities. But this has led to some missteps.

The most relevant example here is India's **Solara Active Pharma**, in which we took a stake in 2021. The opportunity for the company was to supply active pharmaceutical ingredients to large global customers, who were looking for alternative supply sources due to the shutdowns in China during the pandemic. Due to the company's limited track record, we were unable to assess the extent of exceptional demand they were witnessing. As the Covid-19 related restrictions eased, demand moderated back to historical levels. Only a matter of months later, the company reported a decline in sales, owing to oversupply of its main product; it also wrote down the value of its inventory.

The lesson we have learnt is that to avoid investing in newly listed companies unless we have spent a few years observing the track record of the business and the management team. As a result, we started engaging with the management of **Niva Bupa Health Insurance** in 2021, three years before the business listed in India. Our engagements with its management team, reference checks with competitors, discussions with its existing shareholders as well as retired members of its Board of Directors helped us gain conviction in the long-term opportunity for health insurance in India, the strong pedigree of its management, as well as the support from Bupa, its largest shareholder. This allowed us to participate in its Initial Public Offer in 2024 and we have added to the Trust's holdings subsequently.

Second*, investing in companies that expand too aggressively, taking on too much debt*. As long-term investors, we tend to prefer firms that can deliver steady organic growth over many years, rather than those that chase outsized

returns in the short term, but we have on occasion mistaken the latter for the former. One such company was **Ezion Holdings**, an engineering procurement and construction (EPC) business operating in the oil & gas industry. The management had used debt to expand its operations. When oil prices declined in 2015, many of its customers delayed payments, leading to a stretched working capital position and further increase in Ezion's debt levels. While we exited the holding before its financial position deteriorated, the lesson learnt was to avoid owning businesses with leveraged balance sheets. This remains a key tenet of our investment process, and almost all of Scottish Oriental's portfolio companies today operate with net-cash balance sheets. This allowed the Trust's holdings to gain market share during periods of disruption such as the Covid-19 pandemic, as their smaller competitors with stretched balance sheets are often unable to survive such periods.

A related mistake is *picking the wrong owners and managers*. Due diligence on management teams is a key pillar of our investment approach. Having built strong networks across the region, we routinely meet not only the senior executives of prospective holdings, but also their suppliers, customers, competitors and distributors, in the interests of building a rounded picture of the reputation of management teams.

This doesn't mean we always make the right calls. We have occasionally misjudged management quality in our haste to take advantage of a seemingly unmissable opportunity. For instance, we initiated a position in Philippines cement producer **Cemex Holdings** in 2017. The main problem was a lack of alignment with the company's management. This included their decision to avail of a US 75m revolving credit facility from a related party to the company and an unjustifiably hefty 5% annual royalty being extracted from the business by its parent. Following this experience, we became increasingly proactive about engaging with management teams through letters on issues ranging from the composition of their Board of Directors to remuneration policies, environmental practices and capital allocation issues. Through these engagements, we observe the approach of the owners and managers in dealing with their stakeholders. In some cases, such as **Century Pacific Food** in the Philippines, our conviction in the quality of stewardship of the management was strengthened by our engagement on issues including related party transactions, environmental and social practices. The company's majority owners agreed to inject a privately owned business, at book value, into the listed company to enhance alignment with minority shareholders. Our subsequent engagements on their environmental and social practices, including the risks of modern slavery in the fisheries supply chain, also convinced us of their willingness to look beyond the immediate quarters to issues which can impact the company's social license to operate over the long term. Given the substantial growth opportunity in its categories as well as the quality of its management team, we added to the Trust's holding in the company. We continually engage with each of the Trust's portfolio companies on issues of strategic relevance. These engagements also help us build strong relationships with their leadership teams and aid us in our decision making process.

3. Recent Portfolio Activity

The team undertook a busy programme of research visits to Asian countries this year. We identified particularly attractive opportunities in China, where valuations continue to look relatively cheap despite an upturn in market performance in 2025 following government efforts to strengthen the economic recovery via policies to support consumer demand. The team also found attractive buying opportunities in other markets including India, Taiwan and Australia.

Among the China additions was **Haitian International**, the global market leader in plastic injection moulding machines. The company's long-term track record is decent, and strong recent orders suggest it is emerging from an industry downcycle. We believe continued domestic market share gains, product upgrades and expansion into overseas countries - where the company's market share is currently small - could fuel future growth.

Atour Lifestyle is a Chinese asset-light hotel management company, which offers premium services to hotel franchisees. Atour works with the franchisee to source new properties, then sends two hotel managers to oversee the property, instil premium services and deliver training to the rest of the hotel staff. Atour has developed a membership program to create a lower-cost distribution channel, passing on the cost savings to both hotel guests (who benefit from lower room prices) and hotel franchisees (in the form of lower booking fees). This fosters greater loyalty to the Atour brand, which attracts more guests and franchisees, resulting in a natural flywheel effect. We believe Atour will continue to benefit from a broader consumption upgrade trend in China over the coming years, as travellers demand better rooms and services.

Stella Holdings is a Chinese manufacturer of shoes for leading global brands, ranging from Nike to the luxury conglomerate Louis Vuitton Moët Hennessy. The current CEO is the nephew of one of the founders and has been leading the firm since 2019. We think this generational change has been positive, with the focus shifting from casual shoes to sports, fashion and luxury segments, which have higher gross margins and lower working capital needs. Our

shoes to sports, fashion and luxury segments, which have higher gross margins and lower working capital needs. Our channel checks indicate the firm's culture is stable and risk-aware. Valuations are attractive, and the firm is returning cash to shareholders via special dividends and buybacks.

Voltronic Power is a leading Taiwanese original design manufacturer of uninterruptible power supply (UPS) devices, which provide backup protection for electronic equipment in the event of a failure in the main power source. The company has an exceptional culture and a strong track record of execution, having successfully gained wallet share over recent years thanks to its focus on good customer service and the cost advantage it offers versus peers. Voltronic faces limited direct competition and should continue to benefit from a steady growth in demand.

Sporton International is a leading electromagnetic testing company in Taiwan, focused on the mobile smartphone and electronics industries. It has high market share in this lucrative niche and is strongly cash generative, delivering consistently high return on capital employed and offering decent shareholder returns. The advent of augmented-reality glasses and AI-powered devices could provide the company with new opportunities for growth in the future.

Our India purchases included **Niva Bupa Health Insurance**, a leading health insurance company that is majority owned by Bupa. It has been consistently gaining market share in the under-penetrated health insurance segment. India's per capita spending on health insurance is much lower than other emerging economies - at US 22, compared with 126 in Thailand, 155 in Mexico and 200 in China - which suggests Niva Bupa should have a long runway for growth.

Godrej Agrovet Ltd is a diversified agricultural business in India that has undergone strategic changes in recent years. Now under new management, the company is taking steps to simplify its operations and improve its return on capital employed. Godrej is seeing especially strong growth in its palm oil business, where it is planning to move away from selling commoditised crude palm oil towards more value-added products.

KEI Industries is a leading Indian cables and wires company. The company started as an institutional / tender business, which evolved into a diversified retail franchise. Its track record of growth and return on capital employed has been solid, while customer concentration has reduced and cash conversion has improved. The company is now expanding into high-voltage cables, which can be used in data centres and electric-vehicle charging stations. We believe the quality of the business has increased significantly in recent years, and it still has room to grow.

Crisil Limited is the largest credit-rating agency in India, majority owned by S&P Global. The company's impressive management has built the business over two decades through astute M&A and organic expansion into new segments. Today, 40% of Crisil's profit derives from its domestic ratings business, which is in a strong position and should sustain steady growth and attractive profitability. The remaining 60% derives from its global research business, which faces tougher challenges in the short term. Nevertheless, we are confident Crisil will be able to successfully access new client segments such as commercial banks and wealth managers in the US.

Unilever Indonesia has been the market leader in the Indonesian fast moving consumer goods (FMCG) industry for several decades. Ten years ago, it was a very successful and highly rated company, and we owned it in the portfolio. We sold after the company became complacent thanks to its very high margins and market share. However, it is now taking steps to improve its growth prospects in what is an increasingly competitive consumer market in Indonesia, and we were able to acquire a stake at an attractive valuation.

GT Capital is a Philippines conglomerate which owns a majority stake in Toyota Motor Philippines and a significant stake in Metropolitan Bank, as well as operations in insurance, real estate and infrastructure. The owning family has built up a decent track record of capital allocation in challenging economic circumstances; several of the company's businesses enjoy strong market positions and are set to benefit from steady growth. The family's overall strategic approach is admirably conservative, and it has undertaken significant deleveraging of the balance sheet in recent years.

Mobile World Investment is a leading electronics retailer in Vietnam. We have been impressed by the company's robust track record of organic growth, its customer-focused culture and the strong alignment we share with its core management team, which has been in place for two decades. We regard Chairman Nguyen Duc Tai and his team as among the most capable leaders in Vietnam's retail landscape. As well as strong growth in its core business, Mobile World is currently benefiting from continued store expansion and increased profits at Bach Hoa Xanh, its emerging grocery business.

Guzman Y Gomez is the leading Mexican-focused quick service restaurant (QSR) operator in Australia. The

company has received a positive customer response to its offering of fast food without added preservatives, additives and colours. We believe it has the potential to be significantly larger than its current size, and have confidence in its high-quality management team, which is committed to creating a durable brand that will endure over decades, in both Australia and other target markets such as the US.

Sales

We disposed of three Indian holdings during the period. IT services firm **Mphasis** was sold after its valuations increased to what we perceived as expensive levels; similarly, we divested **United Breweries** due to its expensive valuations. As for **Honasa Consumer**, a beauty and personal care firm, we sold because our faith in the company's management had diminished and we lacked confidence it could replicate its success in the online and direct-to-consumer channels in offline retail.

Other sales included Indonesia's **Avia Avian**, a paint and coatings manufacturer, due to concerns about weak growth. We also sold a number of smaller holdings as part of continuing efforts to consolidate the portfolio into higher-conviction positions, including instant noodles brand **Nissin Foods** (Hong Kong), the city gas distribution company **Mahanagar Gas** (India), automotive components retailer **Astra Otoparts** (Indonesia), materials firm **Tokai Carbon Korea** and sporting apparel manufacturer **Misto Holdings** (South Korea).

4. Ten Largest Investments as at 31 August 2025

Company	Country	Sector	% of Shareholders' Funds
DPC Dash	**China**	**Consumer Discretionary**	**6.3**
DPC Dash is the exclusive franchise operator for Domino's Pizza stores in China. It is leading the development of the pizza category in China.			
Uni-President China	**China**	**Consumer Staples**	**5.7**
The company operates leading instant noodle and beverage brands in China. Its management is focused on launching premium products which earn higher margins, while strengthening the company's distribution in emerging channels.			
Philippine Seven	**Philippines**	**Consumer Staples**	**4.5**
Is the leading convenience store operator in the Philippines, with the exclusive right to use the 7-Eleven brand in the country. Philippine Seven is expected to lead the development of the convenience store industry in the country, as penetration is still at low levels.			
Century Pacific Food	**Philippines**	**Consumer Staples**	**4.5**
Century Pacific Food is the largest canned food producer in the Philippines. The company is gaining traction in emerging categories such as milk and pet food products which should drive steady growth over the medium term.			
Selamat Sempurna	**Indonesia**	**Consumer Discretionary**	**3.8**
Selamat Sempurna is the leading manufacturer of filters and radiators in Indonesia. Through its joint venture with Donaldson (based in the United States of America), it also exports products to global markets. Selamat has the potential to consolidate the fragmented domestic industry and enter new segments such as air and water filters, which have a large addressable market.			
NetEase Cloud Music	**China**	**Technology**	**3.6**
NetEase Cloud Music is the second-largest online music platform in China, and is part of an attractive duopoly with Tencent, the market leader, which gives both firms strong pricing power. The company is optimising its strategy to focus on its core music business, where we see further revenue upside potential thanks to the platform's young user base and high retention rate.			
Colgate-Palmolive (India)	**India**	**Consumer Staples**	**3.1**
Colgate-Palmolive (India) is the market leader in the oral care segment in India, with about 50% market share in the toothpaste category. It also has potential to build a larger presence in segments such as personal care.			
Bank OCBC NISP	**Indonesia**	**Financials**	**3.0**
Bank OCBC NISP is an Indonesian bank which is majority-owned by OCBC. This is a steady business with signs of positive change taking place, such as a greater focus on growth and closer integration with the parent. Other positive developments include rising dividend payouts (with an attractive 8% yield) and digitisation initiatives to acquire more customers. Meanwhile valuations looked attractive at 0.7 times price-to-book.			
JNBY Design	**China**	**Consumer Discretionary**	**2.8**
JNBY Design is a leading designer apparel brand in China. The company has built a strong network of loyal members which has driven its growth consistently.			
Computer Age Management	**India**	**Financials**	**2.7**
Computer Age Management Services is India's largest registrar and transfer agent (RTA) of mutual funds with a domestic market share of over 60%. It has built a strong technology platform on which it is now launching new businesses, including Alternative Investment Funds (AIFs), an Insurance Repository, Know-Your-Customer (KYC) registrations and Account Aggregation services.			

5. Sector & Geographical Analysis

Sector Allocation at 31 August 2025

Sector	% Shareholder's Funds	
	2025	**2024**
Consumer Staples	26.1	29.3
Consumer Discretionary	22.7	23.6
Industrials	17.1	8.4
Financials	11.6	6.1
Technology	11.4	10.0
Materials	8.7	11.3
Healthcare	5.0	6.9
Real Estate	2.7	1.7
Logistics	2.0	1.5
Utilities	0.0	2.9
Net Current Assets	1.2	7.9
Non-Current Liabilities	(8.5)	(9.6)

Country Allocation at 31 August 2025 (based on geographical area of activity)

Country/Region	Scottish Oriental 2025 %	Scottish Oriental 2024 %	MSCI Small Cap[1] 2025 %	MSCI[2] 2025 %
China	**24.6**	19.3	8.9	27.7
Hong Kong	**2.6**	2.0	3.4	4.7
Taiwan	**10.4**	9.1	25.3	21.6
Greater China	**37.6**	30.4	37.6	54.0
Indonesia	**11.8**	11.8	2.0	2.0
Malaysia	**-**	-	3.0	1.8
Philippines	**12.2**	10.4	0.8	0.7
Singapore	**2.3**	1.5	5.5	3.6
Thailand	**-**	-	3.4	1.7
Vietnam	**3.2**	2.3	-	-
South East Asia	**29.5**	26.0	14.7	9.8
India	**37.4**	40.9	34.4	22.8
Indian Subcontinent	**37.4**	40.9	34.4	22.8
Australia	**0.8**	-	-	-
New Zealand	**2.0**	1.5	-	-
South Korea	**-**	2.9	13.3	13.4
Net Current Assets	**1.2**	7.9	-	-
Non-Current Liabilities	**(8.5)**	(9.6)	-	-
Net Assets	**100.0**	100.0	100.0	100.0

[1] Morgan Stanley Capital International AC Asia ex Japan Small Cap Index

[2] Morgan Stanley Capital International AC Asia ex Japan Index

6. Portfolio Outlook

While newspaper headlines are dominated by global trade tensions, geopolitical issues and the rapid development of artificial intelligence technologies, we remain focused on bottom-up idea generation. Over 2022 - 2024, we witnessed a significant shift in the portfolio's exposure. As investors became increasingly pessimistic about the weak growth, geopolitical pressures and intensifying government regulations in China, we had the opportunity to build positions in market leading businesses such as **DPC Dash**, **NetEase Cloud Music**, **Atour Lifestyle**, **Hongfa Technology** and others. This was funded by reducing our exposure to Indian companies, as valuations of small and mid-sized businesses in India rose to expensive levels.

In recent periods, we have observed a divergence in investor behaviour across different parts of the investment universe in Asia, which is creating opportunities for us. On the one hand, there is exuberance in areas related to the semiconductor value-chain and anything which can be linked to the boom in artificial intelligence applications. We have been sceptical about the bottom-up opportunities available here for a few reasons.

- While growth in these areas is undoubtedly strong, it is built on substantial capital expenditure commitments by a handful of large global companies. Given the lack of visibility on the economic returns on these investments, we find it difficult to predict the sustainability of this growth.

- The technology itself is rapidly changing, with new hardware standards being introduced every few years. This has significant implications on the entire value chain, making it difficult to identify the eventual winners even if the technology is widely adopted.
- In particular for smaller companies which are part of the supply-chain of large global semiconductor or technology businesses, we observe that their customer base is typically concentrated and their bargaining power with these large customers is limited. As such, any changes in the demand environment could lead to disproportionate impact on their return on capital, through price negotiations, negative operating leverage and extended receivable cycles.
- Most companies in these industries are now valued at expensive levels, on the basis of elevated expectations on growth and return on capital. If either of these prove to be unsustainable, there could be a substantial de-rating of valuation multiples.

On the other hand, we are finding attractive opportunities in parts of the investment universe which have been ignored as investors crowd into the areas mentioned above. The Trust's largest exposure is across consumer businesses in Asia. While consumption demand across some countries has moderated, we have observed several enduring trends. Firstly, consumers continue to premiumise across a range of categories, from spirits to restaurants and travel. Secondly, there is increasing confidence among consumers to choose domestic brands over those operated by large multinationals. These domestic brands are also able to use the emergence of modern trade and online distribution to disrupt established moats and reach customers more effectively. Finally, in large countries such as India, Indonesia and the Philippines, there is still a substantial opportunity for companies to expand their distribution into under-penetrated areas, as household consumption levels are low across categories.

In China, we have observed increasing discipline in capital allocation as growth levels have moderated, with the management teams of companies increasingly focused on generating strong free cash flow and returning a larger share of their cash flows to shareholders in the form of dividends and share repurchases. This creates the potential for higher total shareholder returns. In several Southeast Asian countries, valuations in large parts of the listed equity universe are compellingly attractive, as foreign investors have gravitated away from these markets in recent years. The emergence of larger pools of domestic capital and regulatory initiatives to strengthen corporate governance standards have the potential to drive a re-rating in the valuations of the attractive businesses available here.

This potential is reflected in Scottish Oriental's portfolio. The Trust's holdings are led by management teams with strong track records of dealing with varying macro-economic environments. Through their long history of operations, they have emerged as market leaders in their respective industries. Their competitive position is based upon the strength of their brands and technology investments, while their management teams have been disciplined about their capital allocation policies and maintained conservative balance sheets. We are confident that these companies will capture a disproportionate share of the growth in their respective profit pools in the years to come. These are the small companies of today but are likely to emerge as the large businesses of the future.

FSSA Investment Managers
11 November 2025

Income Statement for the year ended 31 August 2025

	2025			2024		
	Revenue £'000	**Capital £'000**	**Total* £'000**	Revenue £'000	Capital £'000	Total* £'000
(Losses)/gains on investments	**-**	**(15,233)**	**(15,233)**	-	67,406	67,406
Income from investments	**11,028**	**8**	**11,036**	12,382	-	12,382
Other income	**136**	**-**	**136**	80	-	80
Investment management fee	**(2,900)**	**-**	**(2,900)**	(2,802)	-	(2,802)
Performance fee	**-**	**-**	**-**	-	(98)	(98)
Currency losses	**-**	**(288)**	**(288)**	-	(357)	(357)
Other administrative expenses	**(1,013)**	**-**	**(1,013)**	(777)	-	(777)
Net return on ordinary activities before finance costs and taxation	**7,251**	**(15,513)**	**(8,262)**	8,883	66,951	75,834
Finance costs	**(835)**	**-**	**(835)**	(835)	-	(835)

Net return on ordinary activities before taxation	**6,416**	**(15,513)**	**(9,097)**	8,048	66,951	74,999
Tax on ordinary activities	**(1,173)**	**2,308**	**1,135**	(1,403)	(11,440)	(12,843)
Net return attributable to equity shareholders	**5,243**	**(13,205)**	**(7,962)**	6,645	55,511	62,156
Net return per ordinary share	**4.51**	**(11.36)**	**(6.85)**	5.55p†	46.34p†	51.89p†

* The total column of this statement is the Profit & Loss Account of the Company. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

There are no items of other comprehensive income, therefore this statement is the single statement of comprehensive income of the Company.

The Board is proposing a final dividend of 2.9p per share for the year ended 31 August 2025 (2024: 2.8p†) and a special dividend of 0.5p per share (2024: 1.6p†) which if approved, will be payable on 6 February 2026 to shareholders recorded on the Company's shareholder register on 9 January 2026.

The accounting policies on pages 53 and 54 and the notes on pages 55 to 65 of the Annual Report form part of these Financial Statements.

All revenue and capital items derive from continuing operations.

† Adjusted for the five for one share split of the ordinary shares on 28 February 2025

Summary Statement of Financial Position as at 31 August 2025

	2025		2024	
	£'000	**£'000**	£'000	£'000
Investments held at fair value through profit or loss		**409,617**		409,758
Current Assets				
Debtors	**944**		2,834	
Cash and deposits	**6,650**		37,972	
	7,594		40,806	
Current Liabilities				
Creditors	**(3,051)**		(8,948)	
	(3,051)		(8,948)	
Net Current Assets		**4,543**		31,858
Non-Current Liabilities				
Deferred tax liabilities on Indian capital gains	**(2,442)**		(8,707)	
Loan notes	**(29,851)**		(29,841)	
		(32,293)		(38,548)
Total Assets less Liabilities		**381,867**		403,068
Capital and reserves				
Ordinary share capital		**7,853**		7,853
Share premium account		**34,259**		34,259
Capital redemption reserve		**58**		58
Capital reserves		**328,341**		349,645
Revenue reserve		**11,356**		11,253
Total Equity Shareholders' Funds		**381,867**		403,068
Net asset value per share		**331.72**		341.91p†

† Adjusted for the five for one share split of the Ordinary shares on 28 February 2025.

Cash Flow Statement for the year ended 31 August 2025

	2025	**2024**
	£'000	**£'000**
Net cash outflow from operations before dividends,		

interest, purchases and sales of investments	**(3,920)**	(5,751)
Dividends received from investments	**11,055**	12,535
Interest received from deposits	**136**	80
Cash inflow from operations	**7,271**	6,864
Taxation	**(1,422)**	(1,396)
Net cash inflow from operating activities	**5,849**	5,468
Investing activities		
Purchases of investments	**(194,115)**	(123,398)
Sales of investments	**175,236**	159,114
Capital gains tax paid on the sale of investments	**(3,713)**	(6,554)
Net cash (outflow)/inflow from investing activities	**(22,592)**	29,162
Financing activities		
Interest paid	**(825)**	(825)
Equity dividend(s) paid	**(5,140)**	(3,138)
Buyback of ordinary shares	**(8,326)**	(10,427)
Net cash outflow from financing activities	**(14,291)**	(14,390)
(Decrease)/increase in cash and cash equivalents	**(31,034)**	20,240
Cash and cash equivalents at the start of the year	**37,972**	18,089
Effect of currency losses	**(288)**	(357)
Cash and cash equivalents at the end of the year*	**6,650**	37,972

*Cash and cash equivalents represents cash at bank.

Total tax paid for the year ended 31 August 2025 was £5,135,000 (2024: £7,950,000).

Statement of Changes in Equity
For the year ended 31 August 2025

	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2024	7,853	34,259	58	349,645	11,253	403,068
Total comprehensive income:						
Return for the year	-	-	-	(13,205)	5,243	(7,962)
Transactions with owners recognised directly in equity:						
Dividends paid in year	-	-	-	-	(5,140)	(5,140)
Buyback of Ordinary shares	-	-	-	(8,099)	-	(8,099)
Balance at 31 August 2025	**7,853**	**34,259**	**58**	**328,341**	**11,356**	**381,867**

Statement of Changes in Equity
For the year ended 31 August 2024

	Ordinary share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2023	7,853	34,259	58	304,661	7,746	354,577
Total comprehensive income:						
Return for the year	-	-	-	55,511	6,645	62,156
Transactions with owners recognised directly in equity:						
Dividend paid in year	-	-	-	-	(3,138)	(3,138)
Buyback of Ordinary shares	-	-	-	(10,527)	-	(10,527)

Balance at 31 August 2024	7,853	34,259	58	349,645	11,253	403,068

Principal Risks and Uncertainties
The Board has carried out a thorough assessment of risks faced by the Company. Below the Board has set out the principal and emerging risks identified from the consideration. The Company faces emerging risks from the impact of technology and artificial intelligence ('AI') and sector consolidation. The Company's principal risks are detailed below, together with a summary of the mitigating actions taken to manage these risks.

Emerging Risks	
Risk	**Mitigation**
Technology and AI The advancement of AI and machine learning across the asset management industry may lead to challenges from similarly managed portfolios at lower costs. There is also the risk that AI may impact on the investment process at FSSA and the business models and competitiveness of underlying businesses in the portfolio.	The Investment Manager's process relies heavily not only on financial data but on relationships built with the management of investee companies which would be hard to replicate using AI alone. The Investment Manager reports regularly to the Board on the investment process and is undertaking a thorough review of the use of AI in its investment processes.
Sector Consolidation The investment trust sector is under pressure to provide companies of sufficient scale to remain relevant to larger investors. In addition the sector is experiencing heightened pressure from activist investors, which may result in high costs of navigating potential campaigns that may not be in the interests of the majority of shareholders.	The Board reviews the Company's strategy and growth opportunities on a regular basis. Its priority is to offer shareholders a relevant and attractive investment proposition. Together with the Investment Manager and the Company's advisors, the Board continues to be proactive in monitoring the shareholder register, managing the discount to NAV, engaging in targeted marketing, and being well-prepared for both potential opportunities and activist approaches.

Principal Risks	
Risk	**Mitigation**
Investment objective and strategy An inappropriate or unattractive investment objective and strategy may have an adverse effect on shareholder returns or cause a reduction in demand for the Company's shares, both of which could lead to a widening discount. **No change to this risk**	The Company's investment objective and strategy is monitored by the Board to ensure it continues to remain appropriate. The Board conducts annual strategy reviews and considers investment performance, shareholder views and developments in the marketplace as well as emerging risks which could impact the Company regularly throughout the year. The Board reviews changes to the shareholder register at its quarterly Board meetings has appointed the Corporate Broker to continually monitor the discount at which the Company's shares trade on a daily basis and buy back shares when appropriate.
Investment performance Poor investment performance may have an adverse effect on shareholder returns. In extreme circumstances, poor investment performance could lead to the Company breaching loan covenants. **Heightened awareness of this risk due to the recent performance of the Company**	The Board reviews investment performance at each quarterly Board meeting. The Investment Manager reports on the Company's performance, transaction activity, individual holdings, portfolio characteristics and outlook. The Investment Manager is formally appraised annually by the Management Engagement Committee. The Board formally reviews compliance with the Company's loan covenants on a quarterly basis.
Financial and Economic The Company's investments are impacted by financial and economic factors including market prices, interest rates, foreign exchange rates, liquidity and credit which could cause losses to the investment portfolio. **No change to this risk**	The Board regularly reviews and agrees policies for managing market price risk, interest rate risk, foreign currency risk, liquidity risk and credit risk. These are explained in detail in note 16 to the financial statements on pages 61 to 64 of the Annual Report.

No change to this risk	
Share price discount/premium to net asset value A significant share price discount or premium to the Company's net asset value per share, or related volatility, could lead to high levels of uncertainty or speculation and the potential to reduce investor confidence. **No change to this risk**	The Board has established a share buyback process to assist in the moderation of share price discount to net asset value. Shareholders are kept informed of developments as far as practicable and are encouraged to attend briefings, such as the Company's Annual General Meeting, to understand the implementation of the investment policy to achieve the Company's objectives.
Operational The Company is reliant on third party service providers including FSSA Investment Managers as Investment Manager, Juniper Partners as Company Secretary and Administrator, JP Morgan Europe as Depositary, JP Morgan Chase Bank as Custodian and Computershare as Registrar. Failure of the internal control systems of these third parties could result in inaccurate information being reported or risk to the Company's assets. **Heightened awareness of this risk due to the increased frequency of cyber attacks, which could impact on the Company's third party service providers and their supply chains**	The Audit Committee formally reviews each service provider at least annually, considering their reports on internal controls, with a specific focus on IT security. Further details of the Company's internal control and risk management system is provided on pages 33 and 34 of the Annual Report.
Regulatory The Company operates in a regulatory environment. Failure to comply with s1158 of the Corporation Tax Act 2010 could result in the Company losing investment trust status and being subject to tax on capital gains. Failure to comply with other regulations could result in financial penalties or the suspension of the Company's listing on the London Stock Exchange. **No change to this risk**	Compliance with relevant regulations is monitored on an ongoing basis by the Company Secretary and Investment Manager who report regularly to the Board. The Board monitors changes in the regulatory environment and receives regulatory updates from the Company Secretary, Lawyers and Auditor as relevant.

Statement of Directors' Responsibilities in Respect of the Annual Financial Report

In accordance with the Disclosure Guidance and Transparency Rules, we confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with applicable United Kingdom 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 the Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal and emerging risks and uncertainties that the Company faces.

In addition, each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, position, business model and strategy.

Going Concern

In assessing the Company's ability to continue as a going concern the Directors have considered the Company's investment objective detailed on page 2 of the Annual Report, risk management policies detailed on pages 28 and 29 of the Annual Report, the nature of its portfolio and expenditure projections and believe that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and for at least 12 months from the date of this Report.

In addition, the Board has had regard to the Company's investment performance (see above), the price at which the Company's shares trade relative to their NAV (see above) and ongoing investor interest in the continuation of the Company (including feedback from meetings and conversations with shareholders).

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration the following factors:

- cash and cash equivalents balances and the portfolio of readily realisable securities which can be used to meet short-term funding commitments;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets;
- revenue, operating and finance cost forecasts for the forthcoming year;
- continued adherence to the loan covenants;
- the ability of third-party service providers to continue to provide services; and
- four potential downside scenarios including stress testing the Company's portfolio for a 30 per cent fall in the value of the investment portfolio; a 50 per cent fall in dividend income; a similar level of share buybacks to the current year; and a full take up of the 25 per cent tender offer. The cumulative impact of these four downside scenarios would leave the Company with a negative cash position, however there are sufficient liquid assets which could be utilised if required.

Based on this assessment, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore have prepared the financial statements on a going concern basis.

Related Party Transactions

The Directors' fees for the year are detailed in the Directors' Remuneration Report on pages 35 and 36 of the Annual Report. An amount of £31,313 was outstanding to the Directors at the year end (2024: £28,500). No Director has a contract of service with the Company. During the year no Director had any related party transactions requiring disclosure under section 412 of the Companies Act 2006.

The management and performance fees for the year are detailed in note 2 on page 55 of the Annual Report and amounts payable to the Investment Manager at year end are detailed in note 10 on page 59 of the Annual Report. The Investment Management team's individual shareholdings in the Company are set out on page 5 of the Annual Report.

Alternative Investment Fund Managers Directive (unaudited)

Under the Alternative Investment Fund Managers Directive the Company is required to publish maximum exposure levels for leverage on a 'Gross' and 'Commitment' basis. The process for calculating exposure under each method is largely the same, except that, where certain conditions are met, the Commitment method allows instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the Company's leverage exposure would then be reduced. The AIFM set maximum leverage levels of 3.0 and 1.7 times the Company's net asset value under the 'Gross' and 'Commitment' methods respectively. At the Company's year end the levels were respectively 1.03 and 1.04 times the Company's net asset value.

The Alternative Investment Fund Managers Directive requires the AIFM to make available certain remuneration disclosures to investors. This information is available from the AIFM on request.

Notes:

1. The Scottish Oriental Smaller Companies Trust plc is a public company limited by shares, incorporated and domiciled in Scotland, and carries on business as an investment trust.

   These Financial Statements have been prepared under the historical cost convention (modified to include the revaluation of fixed asset investments which are recorded at fair value) and in accordance with the Companies Act 2006, UK Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102, and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in July 2022 (the 'SORP'). These Financial Statements are prepared on a going concern basis.

   All of the Company's operations are of a continuing nature.

   Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

   There are two areas of significant judgement -

- The Directors use their judgement in selecting the appropriate rate of capital gains tax to apply to unrealised gains on Indian investments. The Directors have chosen to apply the long-term capital gains tax rate on unrealised gains on Indian investments. Please refer to note 5 (a) on page 56 of the Annual Report for further details.
- The Directors use their judgement in recognising and classifying special dividends received as either revenue or capital in nature.

The accounts have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The functional and reporting currency of the Company is pounds sterling as this is the currency of the Company's share capital and the currency in which most of its shareholders operate.

2. Fair Value Hierarchy

Investments in securities are financial assets designated at fair value through profit or loss on initial recognition. In accordance with FRS102, these investments are analysed using the fair value hierarchy described below. Short term balances are excluded as their carrying value at the reporting date approximates their fair value.

The levels are determined by the lowest level of input that is significant to the fair value measurement for the individual investment in its entirety as follows:

Level 1 - investments with prices quoted in an active market;

Level 2 - investments whose fair value is based directly on observable current market prices or is indirectly being derived from market prices; and

Level 3 - investments whose fair value is determined using a valuation technique based on assumptions that are not supported by observable current market data.

The Company held the following categories of financial instruments as at 31 August 2025:

	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	£'000	£'000	£'000
Listed equities	379,137	30,480	-	409,617
Total	**379,137**	**30,480**	**-**	**409,617**

The Company held the following categories of financial instruments as at 31 August 2024:

	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	£'000	£'000	£'000
Listed equities	385,316	24,442	-	409,758
Total	**385,316**	**24,442**	**-**	**409,758**

Listed investments included in fair value Level 1 are actively traded on recognised stock exchanges and the fair value of these investments has been determined by reference to their quoted prices at the reporting date.

Listed investments included in Level 2 are deemed to be illiquid. The fair value of these investments has been determined by reference to their quoted prices at the reporting date.

3. Cashflow reconciliation

Reconciliation of net return on ordinary activities before finance costs and taxation to net cash outflow from operations before dividends, interest, purchases and sales	**2025** **£'000**	2024 £'000
Net return on activities before finance costs and taxation	**(8,262)**	75,834
Net losses/(gains) on investments	**15,233**	(67,406)
Currency losses	**288**	357

Dividend income	**(11,036)**	(12,382)
Interest income	**(136)**	(80)
Decrease in creditors	**(122)**	(2,070)
Decrease/(increase) in debtors	**115**	(4)
Net cash outflow from operations before dividends, interest, purchases and sales	**(3,920)**	(5,751)

4. These are not statutory accounts in terms of Section 434 of the Companies Act 2006. Full audited accounts for the year to 31 August 2025 will be sent to shareholders in November 2025 and copies will be available from the Company's website www.scottishoriental.com and the Company Secretary's office at 28 Walker Street, Edinburgh, EH3 7HR. The audited accounts for the year ended 31 August 2025 will be lodged with the Registrar of Companies.

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