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Dunedin Enterprise Investment Trust PLC

Annual Report & Accounts 2020

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.

Contents

Financial Highlights

Year to 31 December 2020

Net asset value total return per ordinary share*1

-5.6%

14.4% 2019

Share price total return per ordinary share*1

-9.3%

23.6% 2019

Dividend per ordinary share

2.0p

5.0p 2019

Ongoing charges*1

1.3%

1.2% 2019

At 31 December 2020

Net asset value per ordinary share*1

413.9p

444.4p 2019

Share price

336.0p

376p 2019

Discount*1

18.8%

15.4% 2019

Returned to shareholders since 2012

£125.6m*2

£114.6m 2019

*1 – Alternative Performance Measures. See page 69 for a glossary of these terms
*2 – in 2011 the investment policy of the Company was changed and distribution policy introduced

Comparative Total Return Peformance

	One year to December 2020 %	Three years to December 2020 %	Five years to December 2020 %	Ten years to December 2020 %
Net asset value per ordinary share	-5.6	14.9	46.2	63.8
Share price	-9.3	22.9	115.6	161.7
FTSE Small Cap Index ("the Benchmark")	1.7	3.1	34.2	145.4
FTSE All-Share Index	-11.4	-4.8	25.4	67.5

Total Assets and Cash Returned to Shareholders

	2012 £m	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m
Analysis of total assets:									
Dunedin managed	76.5	75.1	84.0	93.1	81.5	57.2	64.8	75.9	57.8
European Funds	24.9	12.9	12.7	16.0	22.0	9.6	10.2	4.4	4.3
Other	2.2	1.2	0.8	0.4	0.4	1.5	6.1	1.3	1.2
Cash	33.9	27.9	9.9	0.6	1.1	32.9	5.7	12.3	13.9
Total assets	137.5	117.1	107.4	110.1	105.0	101.2	86.8	93.9	77.2
Cash returned to shareholders:									
Capital returned	21.1	18.0	5.2	0.7	–	20.6	20.6	5.2	10.0
Dividends paid	5.7	1.7	3.6	1.0	3.3	6.4	1.1	0.4	1.0
Return to shareholders	26.8	19.7	8.8	1.7	3.3	27.0	21.7	5.6	11.0
Cumulative return to shareholders	26.8	46.5	55.3	57.0	60.3	87.3	109.0	114.6	125.6

Ten year record

Chairman's Statement
Duncan Budge, Chairman

The total return in the year to 31 December 2020 was -5.6% and -9.3% in terms of net asset value per share and share price respectively.

Your Company's net asset value per share reduced from 444.4p to 413.9p in the year. This is stated after allowing for the final dividend for 2019 of 5.0p paid in May 2020.

The share price of 336p at 31 December 2020 represented a discount of 18.8% to the net asset value of 413.9p per share. The share price currently stands at 335p.

In November 2020 a tender offer returned £10m to shareholders.

Portfolio
During the year there were two follow-on investments: an additional £0.9m was invested in GPS, the payments processing platform, and £0.6m was invested in RED, the supplier of software permanent and contract staff.

The investment in Kingsbridge, which provides insurance services to contractors, was realised generating £10.4m and a return of 3.2 times original cost. A refinancing was completed at FRA, the forensic accounting business, generating proceeds of £4.0m. A refinancing at Hawksford, a leading provider of services to the asset management sector, generated proceeds of £6.9m. The refinancing was subject to regulatory approval and completed on 25 February 2021.

The trading performance of the portfolio has been impacted by coronavirus and the resulting disruption to economic activity. Unrealised valuation increases of £10.6m were offset by larger value decreases of £15.8m. Valuation uplifts were achieved at GPS, U-POL and Incremental, offset by reductions in the valuations of FRA, Formaplex, Hawksford and EV. Further details are provided in the Manager's Review.

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

At 31 December 2020 the Company held cash and near cash equivalents totalling £13.9m. There are outstanding commitments to limited partnership funds of £14.7m at 31 December 2020, consisting of £13.9m to Dunedin managed funds and £0.8m to Realza. Assuming these funds are held to maturity, it is estimated that only £11.9m of this total outstanding commitment will be drawn over the remaining life of the funds to meet follow-on investments and ongoing expenses. The Company has a revolving credit facility with Lloyds Bank of £5m which was undrawn at 31 December 2020 and is available until 31 May 2021.

Tender offer
A tender offer was approved by shareholders in November 2020 for 12.3% of the issued share capital at a 2.1% discount to the net asset value at 30 September 2020 of 393.1p per share. Under the tender offer £10m was returned to shareholders.

The tender offer replaced the B Share scheme previously operated by the Company as the preferred route for making capital distributions as the Company now has insufficient capital reserves available to issue B shares for new consideration. In 2019 £5.2m was returned to shareholders by way of the B Share scheme.

Dividends
It is proposed that a final dividend of 2.0p per share be paid on 19 May 2021. This will distribute to shareholders the net revenue profit generated by the Company during 2020.

AGM and General Meetings
The Board is proposing an amendment to the articles to allow for virtual or hybrid meetings. The Directors have no present intention of holding a virtual-only meeting and nothing in the changes prohibits the holding of physical meetings. The Directors will also continue to monitor the coronavirus impact in respect of this year's AGM.

Outlook
Although the disruption created by the pandemic has continued to be the main focus for portfolio companies during the period under review, the generally strong financial position of portfolio companies has provided some protection. The onset of a comprehensive vaccination programme has improved the outlook considerably. Similarly, the agreement of a Brexit deal has provided our portfolio companies with some clarity.

The Board welcomes the realisations achieved to date this year and will continue to return capital to shareholders wherever practicable and prudent following the realisation of investments.

Duncan Budge
Chairman
15 March 2021

Board of Directors

Duncan Budge (65)

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: 6 May 2020

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: 37,451 Shares

Brian Finlayson (73)

Status: Independent Non-Executive Director

Length of service: Appointed a Director on 1 January 2007

Last re-elected to the Board: 6 May 2020

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 26 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: 166,171 Shares

Angela Lane (58)

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 (Chairman of Audit), BlackRock Throgmorton Trust plc

Other directorships: Roserrow Management Company Limited, The Sherborne School Foundation

Employment by the Manager: None

Other connections with Company or Manager: None

Shared Directorships with any other Company Directors: None

Shareholding in Company: 30,650 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 the £306m Dunedin Buyout Fund III LP in 2012, representing a 20% interest.

Dunedin is authorised and regulated by the Financial Conduct Authority.

Manager's Review

The Company's net asset value decreased from £91.7m to £74.9m over the year. As detailed below this movement is stated following a dividend payment of £1.0m and capital of £10.0m returned to shareholders via a tender offer in November 2020.

	£m
Net asset value at 1 January 2020	**91.7**
Unrealised value increases	10.6
Unrealised value decreases	(15.8)
Realised loss over opening valuation	(0.9)
Net income and capital movements	0.3
Net asset value prior to shareholder distributions	**85.9**
Dividends paid to shareholders	(1.0)
Tender offer	(10.0)
Net asset value at 31 December 2020	**74.9**

Portfolio Composition

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

	Valuation at 1 January 2020 £'m	Additions in year £'m	Disposals in year £'m	Realised movement £'m	Unrealised movement £'m	Valuation at 31 December 2020[1] £'m
Dunedin managed	75.9	2.3	(14.3)	(0.9)	(5.2)	57.8
Third party managed	4.6	0.1	(0.2)	–	–	4.5
Investment portfolio	80.5	2.4	(14.5)	(0.9)	(5.2)	62.3
AAA rated money market funds	8.6	12.7	(7.6)	–	–	13.7
	89.1	15.1	(22.1)	(0.9)	(5.2)	76.0

[1] in addition the Company held net current liabilities of £1.1m

Investment Activity

In the year to 31 December 2020 a total of £2.4m was invested in portfolio companies. An investment of £0.9m was made in GPS, the market leader in payment processing technology, to facilitate further investment in GPS's payments processing platform. A further £0.6m was invested in RED, the provider of SAP contract and permanent staff, to provide working capital support. This short-term loan was repaid by RED during the year.

A further £0.7m was drawn down by Dunedin and third-party managed funds to meet management fees and ongoing expenses.

Realisations

In the year to 31 December 2020 a total of £14.5m was realised from the portfolio of investments.

In February 2020 a further refinancing of FRA, the forensic accounting, data analytics and e-discovery business, was completed. A total of £4.0m was received by Dunedin Enterprise, consisting of £3.5m capital and £0.5m income. This was the second refinancing undertaken by FRA. A total of £5.5m has been generated from the two refinancings which compares to an original cost of £6.0m.

In March 2020 the investment in Kingsbridge, the provider of insurance services to contractors, was realised. A total of £10.4m was received by Dunedin Enterprise consisting of £10.2m capital and £0.2m income. The investment was valued at this level at 31 December 2019. The investment was originally made in May 2016 at a cost of £4.2m. Over the lifetime of the investment Dunedin Enterprise realised proceeds of £13.6m which represents a return of 3.2x cost.

The transaction includes a two year earn-out which may generate further proceeds for the Company; no value has been placed on this.

In August 2020 Hawksford, a leading provider of corporate, private client and fund services, completed a refinancing. The refinancing was dependent upon regulatory approval being received which was granted on 25 February 2021. Proceeds received in February 2021 amounted to £6.9m, consisting of capital of £6.3m and income of £0.6m. The investment in Hawksford was valued at £6.9m at 31 December 2020, a reduction of £3.1m during the year. Dunedin Enterprise retains a 5% interest in Hawksford. No value has been attributed to this at 31 December 2020.

Unrealised valuation uplifts

In the year to 31 December 2020 there were valuation uplifts generated from the following investments: U-POL (£3.1m), GPS (£3.0m) and Incremental (£1.9m).

U-POL, the manufacturer of automotive refinish products, has achieved a 12% increase in EBITDA (being EBITDA for the last twelve months adjusted for exceptional items) in the year. Online and US retail sales have been strong with US sales up 83% on prior year. This has been driven in part by access to a greater number of US retailers. Given strong EBITDA growth during the year the EBITDA multiple applied has been increased from 9.0x to 10.2x. Net debt at the company has also reduced by £17m in the year.

GPS, a market leader in payment processing technology, has shown revenue growth of 34% in the year. This is in spite of the impact of coronavirus on the level of revenue generating transactions. The company has been protected from coronavirus by agreements which stipulate a base level of fee income and new business wins. During the year GPS secured an investment from Visa. This will enable GPS to accelerate its investment in technology and developing its presence in Singapore and the Asia-Pacific.

Incremental, the market leading IT services platform which designs, implements and supports clients with ERP/CRM systems and cloud infrastructure, achieved a 60% increase in EBITDA in the year. A restructuring in 2019 resulted in Incremental reducing the workforce and cutting overheads. Subsequently it has successfully built its order book over the past year to record levels. Incremental has benefited from the impact of coronavirus pushing many businesses to improve their IT systems to cope with increased home working.

Unrealised valuation reductions

In addition to the valuation reduction in Hawksford referred to above of £3.1m the most significant valuation reductions in the year to 31 December 2020 were at FRA (£5.5m), Formaplex (£3.6m) and EV (£1.9).

FRA has experienced a slowdown in new business wins during the coronavirus outbreak. Utilisation rates have been lower than normal, leading management to take actions to rationalise costs including the closure of one office. FRA has continued to win new work although the start date for new projects in some cases has been delayed by the impact of coronavirus.

Formaplex, the provider of tooling and lightweight components, principally services high-end automotive producers. As a result of the coronavirus the factories of automotive producers were closed for periods of between one and three months. The factories have now reopened but at much reduced levels of production. This has had a direct impact on trading at Formaplex where management are managing costs closely. Given the reduction in the profitability of the company a full provision has been made against this investment. Following the year end the trading businesses with Formaplex required further finance and were sold to Elaghmore at the year end valuation.

EV, the provider of high performance, video cameras and other visualisation technology used in the oil and gas industry, experienced a significant impact to trading from the fall in the price of oil in the early part of the year but has seen stronger performance in the second half. Turnover decreased 35% in the year to date. Management has taken action to reduce costs, learning the lessons from previous periods of oil price volatility. The company has also renegotiated the terms of its banking package.

Cash and commitments

The Company had outstanding commitments to limited partnership funds of £14.7m, consisting of £13.9m to Dunedin managed funds and £0.8m to Realza, the one remaining European fund. Assuming these funds are held to maturity, it is estimated that only some £11.9m 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 is only 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 2020 and is available until 31 May 2021. The Board and the Manager keep the cash and commitment position under regular review.

Coronavirus
The coronavirus has created significant disruption around the world which, to varying degrees, has had an impact on each of the portfolio companies. Your Manager has representation on the Board of each portfolio company. Regular contact is maintained with the portfolio companies to monitor the impact of the coronavirus on trading and financial stability. Each portfolio company has developed a contingency plan to mitigate the impact of the coronavirus and the measures implemented have included: staff being placed on furlough, redundancies, re-negotiation of banking terms and payment holidays on HP contracts. The contingency plans will continue to evolve as the impact of the coronavirus evolves.

Brexit
The board of each portfolio company meets regularly and continues to assess the impact of Brexit on their business now that an agreement has been reached. Portfolio company business plans are kept under constant review as implementation of the Brexit agreement takes effect.

Valuations and Gearing
The average earnings multiple applied in the valuation of the Dunedin managed portfolio was 9.2x EBITDA (2019: 8.9x). These multiples continue to be applied to maintainable profits.

Within the Dunedin managed portfolio, the weighted average gearing of the companies was 2.4x EBITDA (2019: 2.8x).

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	10%
Between 1 and 2 x EBITDA	56%
Between 2 and 3 x EBITDA	–%
More than 3 x EBITDA	34%

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

Less than one year	24%
Between one and two years	4%
Between two and three years	17%
More than three years	55%

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

Dunedin Buyout Fund II	**56%**
Dunedin Buyout Fund III	**34%**
Equity Harvest Fund	**3%**
Third party managed	**7%**

Portfolio Analysis
Detailed below is an analysis of the head office of the investment portfolio companies by geographic location as at 31 December 2020.

UK	**94%**
Rest of Europe	**6%**

Valuation Method

Earnings – provision	**16%**
Earnings – uplift	**37%**
Revenue – uplift	**20%**
Assets basis	**17%**
Exit value	**10%**

Sector Analysis
The investment portfolio of the Company is broadly diversified. At 31 December 2020 the largest sector exposure of 43% remains to the diverse Support Services sector.

Automotive	**4%**
Consumer products & services	**3%**
Financial services	**30%**
Industrials	**20%**
Support services	**43%**

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.

<1 year	**–%**
1-3 years	**25%**
3-5 years	**13%**
>5 years	**62%**

Dunedin LLP
15 March 2021

Top ten investments

Percentage of equity held	8.5%
Cost of Investment	£8.2m
Directors' valuation	£14.1m
Percentage of Dunedin Enterprise's net assets	18.8%

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 signed a strategic partnership with Visa to provide fintech clients with payments technology in the Asia Pacific region. It has also been selected by Mastercard as its chosen processing partner in its Fintech Express Programme. In 2020 GPS was selected by the Department for International Trade (DIT) to become a London Export Champion.

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 focused hires. Key new management and operating systems have been introduced to the company to help it as it grows.

Performance
In the year to 31 December 2019, the EBITDA of GPS was £3.8m (period to 31 December 2018: £1.1m) on turnover of £16.5m (period to 31 December 2018: £6.4m).

Percentage of equity held	**5.2%**
Cost of Investment	**£1.4m**
Directors' valuation	**£9.4m**
Percentage of Dunedin Enterprise's net assets	**12.6%**

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, Dallas, New York, Washington DC, Philadelphia, 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.

Two refinancings of the business have been undertaken with Dunedin Enterprise receiving proceeds of £5.5m.

Performance
In the year to 31 December 2019, the EBITDA of FRA was £33.8m (2018: £22.2m) on turnover of £87.3m (2018: £67.7m).

Percentage of equity held	**5.0%**
Cost of Investment	**£5.7m**
Directors' valuation	**£9.0m**
Percentage of Dunedin Enterprise's net assets	**12.0%**

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 focusing 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
In August 2016 a refinancing of the business was undertaken with Dunedin Enterprise receiving proceeds of £2.6m.

The company has come through the COVID pandemic extremely well. Management prioritised cash collection and cost control and focused on sales of high margin products to well-capitalised customers globally.

Performance
In the year to 31 December 2019, the EBITDA of U-POL was £15.1m (2018: £12.4m) on turnover of £79.1m (2018: £71.9m).

RED

Percentage of equity held	20.1%
Cost of Investment	£9.7m
Directors' valuation	£8.9m
Percentage of Dunedin Enterprise's net assets	11.9%

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
RED has a highly scalable business model. Growth is expected to come from deeper penetration of the existing client base, development of new clients, continued focus on service differentiation and increasing market share in existing geographical markets. Additional growth opportunities include expansion to support high growth technologies complementary to SAP.

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
The company has come through the COVID pandemic extremely well. Management prioritised cost control and cash collection and focused on sales to well-capitalised customers globally. In addition, a new CFO was appointed in January 2020. He has many years' experience in the recruitment sector.

Performance
In the year to 31 March 2020, the EBITDA of RED was £5.1m (2019: £4.5m) on turnover of £144.7m (2019: £137.6m).

Percentage of equity held	**15.1%**
Cost of Investment	**£9.5m**
Directors' valuation	**£8.3m**
Percentage of Dunedin Enterprise's net assets	**11.0%**

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. Recent projects include the HS2 railway, the Thames Tideway Tunnel in London, and the Peterborough Railway Tunnel where a curved concrete box weighing more than the Eiffel Tower will be pushed underground to form a new railway tunnel.

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 2019, the EBITDA of Weldex was £6.4m (2018: £10.7m) on turnover of £16.5m (2018: £22.5m).

Percentage of equity held	**17.8%**
Cost of Investment	**£6.7m**
Directors' valuation	**£6.9m**
Percentage of Dunedin Enterprise's net assets	**9.3%**

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 is able to provide specialist corporate services from its central London offices.

Investment rationale
Hawksford presents 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 is 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
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.

In August 2020 Dunedin Enterprise announced a proposed injection of growth capital from a new majority investor, Star Capital, into Hawksford. Dunedin Enterprise will retain a 5% interest in Hawksford. Regulatory approval for the transaction was granted in February 2021.

Performance
In the year to 31 December 2019, the EBITDA of Hawksford was £8.1m (2018: £6.7m) on turnover of £34.0m (2018: £30.8m).

Percentage of equity held	8.9%
Cost of Investment	£4.2m
Directors' valuation	£4.3m
Percentage of Dunedin Enterprise's net assets	5.8%

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	8.2%
Cost of Investment	£3.0m
Directors' valuation	£3.4m
Percentage of Dunedin Enterprise's net assets	4.5%

Incremental

Business description
Incremental is a digital technology services company which helps public sector, not for profit and commercial organisations transform their ERP and CRM systems with Microsoft technologies. It is in the top 1% of Microsoft Dynamics partners worldwide, and also provides Microsoft Power Platform, Modern Workplace, Azure and data services. Its customer base includes Admiral, Little Greene Paint & Paper and the NHS. With a growing customer base in the public sector, not for profit, manufacturing and professional services, Incremental is also increasingly seeing success in the financial services market.

Investment rationale
Incremental has a large addressable market which is growing strongly, particularly in the ERP and CRM space. The transition from on-site servers to the Cloud is driving businesses to transform their IT systems and strategies.

Value creation
Incremental is an established robust platform business operating in a highly fragmented market. Incremental has demonstrated strong organic growth which will be enhanced through acquisitions to increase geographic presence, provide new service lines and enter new end sector verticals.

What has been achieved
Since the investment in November 2018, Dunedin has been working closely with management to identify and review potential acquisition targets.

Following the year end, in January 2021, Incremental acquired Glasgow based Redspire, one of the leading providers of CRM solutions to financial services in the UK. The combined group becomes one of the largest Microsoft Dynamics partners in the UK.

The combined group now has revenues exceeding £20m and 180 employees across the UK.

Performance
In the year to 31 March 2020, the EBITDA of Incremental was £0.8m (2019: £0.5m) on turnover of £13.2m (2019: £4.6m).

Percentage of equity held	23.0%
Cost of Investment	£10.1m
Directors' valuation	£3.3m
Percentage of Dunedin Enterprise's net assets	4.4%

Premier Hytemp

Business description
Premier Hytemp is a global market leader in the manufacture and supply of engineered metal solutions. It is a specialist in the provision of low alloy and nickel alloy steel components for the upstream oil and gas industry. Its components are used in complex engineered assemblies required to extract and control the flow of oil and gas from new reserves, often sub-sea.

Premier Hytemp is headquartered in Edinburgh with manufacturing facilities in Edinburgh, Singapore and Malaysia

Investment rationale
The market for oil and gas equipment was growing, driven by strong global demand for oil and gas and heavy investment in new oil wells. There was only a small number of global specialist engineering players supplying steel and engineering services to manufacturers of wellheads, and there were strong barriers to entry. This was an opportunity to invest in improving the business to enhance its capabilities and extend geographic coverage.

Value creation
Whilst adverse trading conditions are expected to prevail, Premier's future trading is somewhat insulated by its forward order book and its exposure to National Oil Customers, who will continue to pump oil during deteriorating economic conditions as their local economies are dependent upon it.

What has been achieved
A new CEO and additional key senior hires have been made throughout the company. Operational and working capital improvements continue to be made through internal initiatives and through working with external consultants.

Performance
In the year to 30 September 2019, the EBITDA of Premier Hytemp was £2.1m (2018: loss £0.2m) on turnover of £23.0m (2018: £13.3).

Percentage of equity held	**10.6%**
Cost of Investment	**£8.3m**
Directors' valuation	**£1.7m**
Percentage of Dunedin Enterprise's net assets	**2.3%**

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 100 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 a new Chairman to lead the recovery.

Performance
In the year to 31 March 2020, the EBITDA of EV was £4.1m (2019: £3.8m) on turnover of £20.7m (2019: £19.4m).

Total return of top ten investments at 31 December 2020

Company name	Original cost of investment £'000	Realised to date* £'000	Directors valuation £'000	Total return £'000
GPS	8,220	–	14,073	14,073
FRA	6,035	5,504	9,403	14,907
U-POL	5,657	2,590	8,998	11,588
RED	11,438	2,026	8,894	10,920
Weldex	9,505	119	8,274	8,393
Hawksford	6,910	293	6,944	7,237
Realza	11,545	11,735	4,330	16,065
Incremental	3,091	49	3,408	3,457
Premier Hytemp	10,136	178	3,287	3,465
EV	8,321	–	1,713	1,713
	80,858	22,494	69,324	91,818

* – dividends and capital

The Remaining Investments

Company Last reported Description of business	Proportion of fully diluted capital owned %	Book cost £m	Valuation £m	Percentage of net assets %
CitySprint 31.12.19 Provision of same day courier services	0.6	8.0*	0.4	0.5
Alta-Berkeley VI 31.12.19 Technology fund	3.0	0.6	0.2	0.2
Formaplex 30.06.19 Provider of tooling and lightweight component solutions	19.4	3.2	–	–

* – 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	Net assets	Cash returned to shareholders		Revenue available for ordinary shareholders	Per Ordinary Share			
			pence per share		Net asset value	Earnings	Dividend	Share price
	£'000	£'000	p	£'000	p	p	p	p
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
2020	74,922	9,975	48.3	345	413.9	1.7	2.0	336.0

* 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 (as amended by the 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 on page 63.

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 20 per cent. of net 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.

Shareholders
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 32 for further detail on communication with shareholders.

Service Providers
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 30. 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.

Investee Companies
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.

Investment Policy

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, a tender offer was approved by shareholders in November 2020 as a mechanism for returning capital to shareholders. This replaced the B Share scheme previously offered as the Company now has insufficient capital reserves available to issue B shares for new consideration. In ensuring there was a new route for the return of capital to shareholders 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 the Brexit agreement.

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 2021. 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 page 3 and the Manager's Review on pages 6 to 9. Details of the Company's top ten investments can be found on pages 10 to 19 with the remaining investments detailed on page 20.

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. Alternative performance measures are defined on page 69.

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 28, 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 Company 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 when making 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 27.

Diversity
At 31 December 2020, there were two male directors and one female director on the Board. The Board's policy on diversity is set out on page 31.

By order of the Board

Duncan Budge
Chairman
15 March 2021

Directors' Report

The Directors present their report and audited financial statements for the year to 31 December 2020.

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 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 2023. 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 2021.

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 2023.

Share Capital
At 31 December 2020, the Company's issued and paid up share capital was £4,525,045 divided into 18,100,180 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 2.0p is proposed and if approved, will be paid to shareholders on 19 May 2021, to shareholders on the register at close of business on 23 April 2021. The ex-dividend date is 22 April 2021.

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.

As the Company now has insufficient capital reserves available to issue B shares for new consideration it is not envisaged that the Company will issue any further B shares.

Significant Shareholdings
The significant holdings in the Company's ordinary share capital which have been notified to the Company as at 31 December 2020 are shown below.

	Ordinary shares	% of issued share capital
Lind Invest	2,965,733	16.4
Interactive Investor	2,416,921	13.3
Miton Global Opportunities	1,310,304	7.2
Hargreaves Lansdown	1,307,165	7.2
Barwon Investment Partners	1,276,271	7.1
LGT Crown Listed Private Equity	1,051,932	5.8
Premier Miton Worldwide Opportunities Fund	585,000	3.2

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

Directors
Details of the current Directors of the Company are shown on pages 4 to 5. 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 4. 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 31. 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").

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.

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.

Directors' 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.

Corporate Governance
The statement on Corporate Governance on pages 30 to 32 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 63.

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 59 to 61 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 63.

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 22 and 23.

Social, Community and Environmental Policy
The statement on social, community, environmental and human rights policy on page 24 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 (as amended by the Strategic Report and Directors' Report 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.

The External Auditor, Johnston Carmichael LLP, has indicated its willingness to continue in office and a resolution re-appointing them and authorising the Directors to fix their remuneration will be proposed as resolutions 7 and 8 at the forthcoming Annual General Meeting.

Post Balance Sheet Events
The Manager's Review on pages 6 to 9 details all post balance sheet events.

Annual General Meeting ("AGM")
The AGM of the Company will be held at Dickson Minto WS, 16 Charlotte Square, Edinburgh, EH2 4DF on 12 May 2021 at 2.00 pm. Notice of the AGM is given on pages 64 to 67 of this report.

The Company continues to monitor the continuing impact of the coronavirus outbreak in the United Kingdom. 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/.

Given the risks posed by the spread of coronavirus and in accordance with Government guidance, the Directors may impose entry restrictions on attendance at the AGM in order to ensure the health, wellbeing and safety of the Company's shareholders and officers as well as compliance with the venue's security requirements.

The Board therefore urges shareholders to comply with the Government's instructions to stay safe and not undertake unnecessary travel. However, shareholders may and are strongly encouraged to participate in the business of the AGM by exercising their votes in advance of the AGM by completing and returning the form of proxy. The Board and the Company's Manager will ensure that a quorum of two shareholders is present at the AGM to allow it to take place and for the proxy votes to be exercised.

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 10 May 2021.

The Board would also welcome questions from shareholders in advance of the AGM. Please submit all questions to info@dunedinenterprise.com by 10 May 2021. The Board will provide answers to these questions after the AGM.

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) and by RNS by 10 May 2021.

Resolutions to be considered at the AGM
Resolutions 1 to 8 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 9 to 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 2020.

Resolution 2: Approve the Directors' Remuneration Report
Shareholders are being asked to approve the Directors' Remuneration Report set out pages 35 to 37 for the year ended 31 December 2020.

Resolution 3: Final Dividend
Shareholders are being asked to approve the Final Dividend of 2.0p per Ordinary Share for the year ended 31 December 2020. If shareholders approve the recommended Final Dividend, it will be paid on 19 May 2021 to shareholders on the Company's register of members at the close of business on 23 April 2021.

Resolutions 4, 5, and 6: Re-election of Directors
The Directors standing for re-election and their biographical details are set out on pages 4 to 5. 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 7 and 8: Re-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 re-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 9: Share buy-backs
The existing buy-back authority, granted at the AGM of the Company held on 6 May 2020, permits the Company to make market purchases of up to 14.99 per cent. of the Company's issued ordinary share capital as at 31 March 2020 and expires at the forthcoming AGM. The authority, under Resolution 9, 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 2,713,216 Ordinary Shares (being 14.99 per cent. of the issued share capital as at 28 March 2021 the latest practicable date prior to publication of this notice). This authority will expire at the conclusion of the AGM of the Company in 2022 (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 10: 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 10 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.

Resolution 11: Reduction of capital
Resolution 11, which will be proposed as a special resolution, seeks shareholder approval to reduce the capital redemption reserve by cancelling the entire amount standing to the credit of the Company's capital redemption reserve (the **"Reduction"**). Under the Companies Act 2006, a company limited by shares may reduce its capital redemption reserve, as long as it is not restricted from doing so by its articles of association, by obtaining the approval of its shareholders by special resolution and the confirmation of the Court of Session (the **"Court"**).

The Company is not restricted in any way by its articles of association from carrying out a reduction of capital, and is, therefore, seeking approval of its shareholders to the reduction. Please see the notice of AGM which sets out the resolutions.

If the Shareholders approve the resolution 11 at the AGM, the Board will consider whether it intends to make an application to the Court to obtain its approval to the Reduction following the AGM. The Reduction does not take effect until the Court's order is filed with Companies House. The Board is considering the Reduction to provide further distributable reserves for the Company during its wind down period.

If the Board decides to make an application to the Court it will provide the Shareholders with further information about the timing of any application and if and when it will take effect.

Resolution 12: Adoption of new Articles of Association
Resolution 12, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the **'New Articles'**) in order to update the Company's current Articles of Association (the **'Existing Articles'**). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation and developments in market practice since the Existing Articles were adopted, and principally include:

- provisions enabling the Company to hold virtual shareholder meetings using electronic means (as well as physical shareholder meetings or hybrid meetings);

A summary of the principal amendments being introduced in the New Articles is set out in the appendix to the AGM Notice (on pages 64 to 67 of this document). Other amendments, which are of a minor, technical or clarifying nature, have not been summarised in the appendix.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for hybrid or virtual-only meetings to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

The full terms of the proposed amendments to the Company's articles of association would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions implemented in response to the Coronavirus outbreak. As an alternative, a copy of the New Articles, together with a copy showing all of the proposed changes to the Existing Articles, will be available for inspection on the Company's website, www.dunedinenterprise.com from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM. In the event that the current Coronavirus related restrictions are lifted before the AGM, a hard copy of these documents will be available for inspection at Dickson Minto WS, 16 Charlotte Square, Edinburgh, EH2 4DF until the close of the AGM.

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 234,272 Ordinary Shares (representing approximately 1.3 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
15 March 2021

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 (as amended by the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 and the Strategic Report and Directors' Report Regulations 2013).

The Board
The Board consists of three 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 and Duncan Budge will have served as a Director for over nine years by the date of the AGM.

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 2020 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

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 2020 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 subject to coronavirus restrictions. The notice of the AGM sets out the business of the meeting and items of business are explained in the Directors' Report on pages 25 to 29. 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 71. 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 24 of the Strategic Report for further information on share buy-backs.

Significant shareholdings
Reference is made on page 26 of the Director's Report for further information on the Company's significant shareholders.

By order of the Board,

Duncan Budge
Chairman
15 March 2021

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 considering 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 (resigned 6 May 2020)	2	2	1	1
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
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
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

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 33 to 34.

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.

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 main agenda item discussed at each of these meetings was the valuation of portfolio investments. The external auditors attended the Audit Committee's meetings twice 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.

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 2 on pages 48 to 50, with an explanation to its implementation in note 4 on page 52. 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 also considered the impact of coronavirus and the IPEV Special Valuation Guidance issued in March 2020. 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

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 2020.

The external auditor, Johnston Carmichael LLP, has provided details of other relationships it has with the Manager and confirmed to the Board 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 6 May 2020 and now in his second year. Under the rotation requirements of the FRC ES, the Johnston Carmichael LLP audit partner will rotate every five years. During the year the Committee completed an external auditor performance evaluation questionnaire. The Committee reviewed and discussed the results of the questionnaire. Having considered these matters and the effectiveness of the external auditor, the Audit Committee has recommended to the Board that, subject to shareholder approval at the Annual General Meeting, Johnston Carmichael LLP be re-appointed as external auditor for the forthcoming year.

During the year, the FRC's Audit Quality Review Team reviewed Johnston Carmichael's audit of the Company's financial statements for the year ended 31 December 2019 as part of their annual inspection of audit firms. This reviewed Johnston Carmichael's work performed in connection with the valuation of investments, revenue recognition, reserves, compliance with laws and regulations and review of predecessor audit files. The Audit Committee received and reviewed the final report from the FRC which indicated that there were no significant areas of concern. Feedback from the FRC has been discussed with Johnston Carmichael as part of the audit planning process for 2020.

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 31. 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
15 March 2021

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 39 to 43.

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) (Amendment) 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 2020.

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 6 May 2020 and was passed by 99.89% (7,599,786 votes) of shareholders voting in favour of the resolution and 0.11% (8,504 votes) voting against. Its provisions are applicable until the next triennial shareholder vote which will be at the AGM on 6 May 2023. 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

	2020[1] **£**	2019 £
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 2020 were set out in the Directors' Remuneration Report contained in the Company's 2019 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 6 May 2020 and was passed by 99.9% (7,611,208 votes) of shareholders voting in favour of the resolution, 0.1% (6,985 votes) voting against.

In the financial year to 31 December 2020, 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 2020 received the emoluments, in the form of fees, as described in the table below.

Single Total Figure Table (audited)

	2020 Annual Fees £	2019 Annual Fees £
Duncan Budge	**34,000**	34,000
Angela Lane	**29,000**	29,000
Brian Finlayson	**23,000**	23,000
Michael Meyer Jensen (resigned 5 May 2020)	**–**	–
Total	**86,000**	86,000

The fees noted above were fixed fees and represent the entire remuneration paid to Directors. Whilst a Director Michael Meyer Jensen 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.

	2020 £	2019 £	Difference
Spend on Directors' fees	**86,000**	86,000	0%
Distributions to shareholders:			
(a) dividends	**1,032,203**	412,881	+150%
(b) B share redemption (inc costs)	**–**	5,161,015	-100%
(c) Tender offer (inc costs)	**9,975,313**	–	+100%

Statement of Directors' shareholding and share interests (audited)
The names of the Directors and their shareholdings in the Company as at 31 December 2020 are shown in the table below. The shareholdings of connected persons to the Directors are included in the figures below.

	2020 #	2019 #
Duncan Budge	**37,451**	52,850
Brian Finlayson	**166,171**	164,420
Angela Lane	**30,650**	34,712

The Company has not been notified of any changes to the Directors' shareholdings between 31 December 2020 and 15 March 2021.

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 2010 to 31 December 2020 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 35 to 37 was approved by the Board of Directors and signed on its behalf on 15 March 2021.

Duncan Budge
Chairman
15 March 2021

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 international accounting standards and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of 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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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
15 March 2021

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 2020, 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit
We conducted our audit of the financial statements using information maintained and provided by Dunedin LLP ("the Manager") to whom the Company's directors have delegated the provision of investment management, company secretarial and fund administration services.

We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the Manager, the accounting processes and controls, and the industry in which the Company operates.

We obtained an understanding of the control environment in place at the Manager and adopted a fully substantive testing approach to obtain our audit evidence.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholders for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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 the scope of our audit addressed this matter
Valuation of investments (as per the accounting policy in Note 2 and Notes 4 and 12). The key driver of the Company's net assets and total return is the valuation of investments. The Company holds unlisted investments, which are valued in accordance with the revised International Private Equity and Venture Capital (IPEV) Valuation Guidelines. Significant judgement is required in applying these principles and determining certain inputs to the valuation models. The valuation of unquoted investments as at 31 December 2020 was £62.3 million (2019: £80.6 million). 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.	• We walked-through the valuation process and ensured the methodologies selected for the unquoted investments were in accordance with the revised IPEV valuation guidelines. • We assessed whether the valuation committee performed their review on a regular basis free from bias, had the necessary skills and knowledge to perform this review, reviewed and approved estimates based on the data available, challenged the data, assumptions and estimates used in the valuations and if any issues were identified, addressed and resolved those issues. • Assessed the degree to which the valuations were subject to estimation uncertainty and the degree to which the selection and application of the method, assumptions and data in the valuation were affected by complexity and subjectivity. • For key judgements, including for example earnings multiples applied and associated discounts, sought a view from our specialist corporate finance team. • Obtained an understanding of the sector for each investee company for the period being audited, making enquiries of management. • Corroborated independent sources of data that were used in the valuations, assessing if market conditions met management's expectations and any forecasts used in the valuation were suitable and the data was relevant and reliable. • Assessed whether the valuations models were mathematically accurate and any assumptions used in the valuations were consistent. • Tested if any changes from the prior year's models were appropriate in the circumstances and in line with IPEV guidelines. • We developed our own range of potential valuations for each investment, in order to inform our discussions with management and to enable us to conclude as to the reasonableness of management's valuations. • Ensure that the accounting estimates and related disclosures were included in the financial statements.

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. It is also the standard industry benchmark for materiality for investment trusts.

Materiality for the financial statements as a whole is £748,000.

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 £561,000.

Audit Committee reporting threshold – we agreed with the Audit Committee that we would report to them all differences in excess of £14,900 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.

Other information
The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 these reports 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; or
- a corporate governance statement has not been prepared by the Company.

Corporate governance statement
The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 25;

- the directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 25;
- the directors' statement on fair, balanced and understandable set out on page 38;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 23;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems set out on pages 23 and 34; and
- the section describing the work of the Audit Committee set out on page 33.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 38, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is 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: http://-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. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

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.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be 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:

- we gained an understanding of the controls implemented by the Company and the Manager designed to prevent and detect irregularities;
- discussions with the Audit Committee and the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- detailed review of unquoted investment valuations (see key audit matters above);
- detailed review of carried interest calculations which impact the fair value 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.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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 two years, covering the years ending 31 December 2019 and 31 December 2020.

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.

Johnston Carmichael LLP

David Holmes (Senior Statutory Auditor)
For and behalf of Johnston Carmichael LLP
Statutory Auditor
Edinburgh, United Kingdom

15 March 2021

Income Statement

	Notes	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Investment income	5	**764**	**–**	**764**	1,390	–	1,390
(Losses)/gains on investments		**–**	**(5,993)**	**(5,993)**	–	11,293	11,293
		764	**(5,993)**	**(5,229)**	1,390	11,293	12,683
Expenses							
Investment management fee	6	**(23)**	**(69)**	**(92)**	(15)	(46)	(61)
Other expenses	7	**(372)**	**(30)**	**(402)**	(390)	(39)	(429)
Profit/(loss) before finance costs and tax		**369**	**(6,092)**	**(5,723)**	985	11,208	12,193
Finance costs	8	**(24)**	**(71)**	**(95)**	(27)	(80)	(107)
Profit/(loss) before tax		**345**	**(6,163)**	**(5,818)**	958	11,128	12,086
Taxation	9	**–**	**–**	**–**	(25)	25	–
Profit/(loss) for the year		**345**	**(6,163)**	**(5,818)**	933	11,153	12,086
Basic return per ordinary share (basic & diluted)	11	**1.70p**	**(30.37)p**	**(28.67)p**	4.52p	54.02p	58.54p

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 48 to 62 form part of the financial statements.

Balance Sheet

	Notes	£'000	31 DEC 2020 £'000	£'000	31 DEC 2019 (restated)* £'000
Non-current assets					
Investments at fair value through profit or loss	12		**75,985**		89,105
Current assets					
Other receivables	13	**1,057**		1,073	
Cash and cash equivalents		**151**		3,735	
		1,208		4,808	
Current liabilities					
Other liabilities	14	**(2,271)**		(2,166)	
		(2,271)		(2,166)	
Net current (liabilities)/assets			**(1,063)**		2,642
Net assets			**74,922**		91,747
Capital and reserves					
Share capital	15		**4,525**		5,161
Capital redemption reserve	2		**49,850**		49,214
Capital reserve – realised	2		**30,600**		34,258
Capital reserve – unrealised	2		**(16,357)**		(3,877)
Special distributable reserve	2		**1,151**		1,151
Revenue reserve	2		**5,153**		5,840
			74,922		91,747
Net asset value per share			**413.9p**		444.4p

* – see note 22

The financial statements were approved by the Board of Directors on 15 March 2021.

Duncan Budge, Chairman

The notes on pages 48 to 62 form part of the financial statements. The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

	£'000	2020 £'000	£'000	2019 £'000
Operating activities				
(Loss)/profit before tax		**(5,818)**		12,086
Adjustments for:				
Loss/(gains) on investments		**5,993**		(11,293)
Interest paid		**95**		107
Decrease in debtors		**16**		4,658
Increase in creditors		**105**		594
Net cash inflow from operating activities		**391**		6,152
Investing Activities				
Purchase of investments	**(2,242)**		(2,696)	
Drawdown from subsidiary	**(86)**		(112)	
Purchase of 'AAA' rated money market funds	**(12,683)**		(12,862)	
Sale of investments	**14,414**		3,401	
Distribution from subsidiary	**187**		5,480	
Sale of 'AAA' rated money market funds	**7,537**		6,410	
Net cash inflows/(outflows) from investing activities		**7,127**		(379)
Financing Activities				
Redemption of B shares	**-**		(5,161)	
Tender offer	**(9,975)**		-	
Dividends paid	**(1,032)**		(413)	
Interest paid	**(95)**		(107)	
Net cash outflows from financing activities		**(11,102)**		(5,681)
Net (decrease)/increase in cash and cash equivalents		**(3,584)**		92
Cash and cash equivalents at 1 January		**3,735**		3,645
Effect of exchange rate movements on cash held		**-**		(2)
Cash and cash equivalents at 31 December		**151**		3,735

The notes on pages 48 to 62 form part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020	Share capital £'000	Capital redemption reserve (restated)* £'000	Capital reserve – realised (restated)* £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2019	5,161	49,214	34,258	(3,877)	1,151	5,840	37,372	91,747
Profit for the year	–	–	6,317	(12,480)	–	345	(5,818)	(5,818)
Purchase and cancellation of shares	(636)	636	(9,975)	–	–	–	(9,975)	(9,975)
Dividends paid	–	–	–	–	–	(1,032)	(1,032)	(1,032)
At 31 December 2020	**4,525**	**49,850**	**30,600**	**(16,357)**	**1,151**	**5,153**	**20,547**	**74,922**

For the year ended 31 December 2019	Share capital £'000	Capital redemption reserve (restated)* £'000	Capital reserve – realised (restated)* £'000	Capital reserve – unrealised £'000	Special distributable reserve £'000	Revenue account £'000	Total retained earnings £'000	Total equity £'000
At 31 December 2018	5,161	44,053	37,419	(13,030)	6,312	5,320	36,021	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)	–	(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**	**49,214**	**34,258**	**(3,877)**	**1,151**	**5,840**	**37,372**	**91,747**

* – see note 22

The notes on pages 48 to 62 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 public company limited by shares incorporated and registered in Scotland with company number SC052844. Its registered address is at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN. 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 accounting standards in conformity with the requirements of the Companies Act 2006 ('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 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 2020 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 on loans made to portfolio companies is only recognised as revenue when the limited partnership in which the portfolio company is held makes a distribution of that interest income to the Company. Prior to a distribution being made, the Company has no right to the income and therefore the revenue recognition criteria of IFRS 15 and the SORP are not met.

Prior to receipt, and where the valuation of the portfolio company supports it, the Company's share of accrued interest on loans to a portfolio company is effectively reflected in "Investments at fair value through profit or loss", as accrued interest on loans to investee companies directly impacts Dunedin Enterprise Investment Trust PLC's share of the net asset value of the limited partnerships which hold the investments in the underlying portfolio companies. As a result, on receipt of a distribution of interest income from the limited partnership funds which hold the portfolio companies, to the extent that loan interest accruals previously impacted the value of "Investments at fair value through profit or loss" there is a transfer from "Gains on investments" in the capital column of the income statement to "Investment Income" in the revenue column of the income statement.

The valuation methodology adopted by the Company is detailed in note 4.

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.

2. Accounting Policies continued

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.

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. Please note that the Company currently does not have sufficient distributable reserves to issue B Shares under the B share scheme.

(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 of 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 2020. Their adoption has not had a material impact on the disclosure or on the amounts reported in the Financial Statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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.

Judgements

It is 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 22) 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 59 to 61 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.

4. Significant accounting judgements, estimates and assumptions continued

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;
- 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

	2020 £'000	2019 £'000
Limited partnership income – UK	**714**	1,299
'AAA' rated money market funds	**33**	63
Other income	**2**	2
	749	1,364
Deposit interest*	**15**	26
Total income	**764**	1,390

* 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	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
Investment management fee	**23**	**69**	**92**	15	46	61

Dunedin provides investment management and general administration services to the Company. The terms of the management fee arrangements are detailed on page 63.

7. Other expenses

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

	2020 £'000	2019 £'000
Auditor's remuneration	**36**	30
Director fees	**86**	86
Legal fees	**11**	17
Printing and postage	**34**	34
Broker fees	**8**	10
Registrar fees	**19**	15
Regulatory fees	**34**	28
Depositary fees	**24**	33
Other	**83**	94
Irrecoverable VAT	**37**	43
	372	390

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.

	2020 £'000	2019 £'000
Fees payable to the auditor:		
Fees payable to the Company's auditor for the audit of the Company's financial statements	**36**	30
Fees payable for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**3**	3
Total audit fees	**39**	33
Non-audit services		
Audit related assurance services	**–**	–
Total non-audit fees	**–**	–
Total fees payable to the auditor by the Company and its subsidiaries	**39**	33

8. Finance costs

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
On bank loans and overdraft:						
Repayable in less than 5 years	**21**	**62**	**83**	23	70	93
Banking facility arrangement fee	**3**	**9**	**12**	4	10	14
	24	**71**	**95**	27	80	107

9. Taxation on profit on ordinary activities

	Revenue £'000	Capital £'000	2020 Total £'000	Revenue £'000	Capital £'000	2019 Total £'000
(a) Analysis of charge/(credit) for the year:						
UK corporation tax at 19% (2019: 19%)	–	–	–	25	(25)	–
	–	–	–	25	(25)	–

The UK corporation tax rate was 19% from 1 April 2017 giving an effective tax rate of 19% (2019 – effective tax rate of 19%).

Changes to the UK corporation tax rates were substantially enacted as part of the 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 19% from 1 April 2017 and to 17% from 1 April 2020.

In the Spring Budget 2020, it was announced that the corporation tax rate would remain at 19% from 1 April 2020 rather than reducing to 17%. This was substantially enacted on 17 March 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:

	2020 £'000	2019 £'000
Total return on ordinary activities before tax	(5,818)	12,086
UK Corporation Tax at 19% (2019: 19%)	(1,106)	2,296
Effects of:		
Capital loss/(gain) not subject to corporation tax	1,139	(2,146)
Expenses not deductible	5	7
Non-taxable partnership income and expenses	(183)	(145)
Excess management expenses carried forward	145	(12)
	–	–

At 31 December 2020, the Company had net surplus management expenses of £6,482,395 (2019: £5,713,000) 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.

10. Dividends

Amounts recognised as distributions to equity holders in the year:

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

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.

	2020 £'000	2019 £'000
Final dividend for the year ended 31 December 2020 – 2.0p to be paid on 19 May 2021	362	–
Final dividend for the year ended 31 December 2019 – 5.0p paid on 15 May 2020	–	1,032
	362	1,032

11. Return per ordinary share

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

	2020 £'000	2019 £'000
Revenue return	**345**	933
Capital return	**(6,163)**	11,153
	(5,818)	12,086
Weighted average number of shares in issue	**20,289,587**	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 table below details Dunedin Enterprise's investment holdings by fund entity in which it is a limited partner.

	2020 £'000	2019 £'000
Direct	**183**	265
Dunedin Buyout Fund II LP	**35,111**	37,780
Dunedin Buyout Fund III LP	**21,108**	36,031
Equity Harvest Fund LP	**1,554**	2,104
Dunedin Fund of Funds LP	**4,330**	4,372
	62,286	80,552
'AAA' rated money market funds and cash deposits	**13,699**	8,553
	75,985	89,105

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

	2020 £'000	2019 £'000
Unlisted UK investments	**57,956**	76,180
Unlisted European investments	**4,330**	4,372
'AAA' rated money market funds and cash deposits	**13,699**	8,553
	75,985	89,105

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:

	2020 £'000	2019 £'000
Level 1		
'AAA' rated money market funds and cash deposits	**13,699**	8,553
Level 2	**–**	–
Level 3		
Unlisted investments	**62,286**	80,552
	75,985	89,105

Significant unobservable inputs for Level 3 valuations

The Company's unlisted investments are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to earnings multiples, revenue multiples and net asset values, with adjustments made as appropriate to reflect matters such as the sizes of the holdings and liquidity. The weighted average earnings multiple for the portfolio as at 31 December 2020 was 9.2 times EBITDA (2019: 8.9 times). The weighted average revenue multiple for the portfolio as at 31 December 2020 was 7.6 times revenue (2019: 6.8 times).

The significant unobservable input used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis are shown below:

		Effect on fair value	
	Sensitivity used*	2020 £'000	2019 £'000
Earnings multiple	1x	**4,194**	1,638
Revenue multiple	1x	**8,640**	1,387
Net assets	10%	**2,862**	2,815

* the sensitivity analysis refers to an amount added or deducted from the input and the effect this has on the Company's unlisted investments

The fair value of the Company's unlisted investments is sensitive to changes in the assumed earnings/revenue multiple and net asset value. An increase in the earnings/revenue multiple used would lead to an increase in the fair vale of the investment portfolio and a decrease in the earnings/revenue multiple would lead to a decrease in the fair value. An increase in the net asset value used would lead to an increase in the fair value of the investment portfolio and a decrease in the net asset value would lead to a decrease in the fair value.

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
Cost at 31 December 2019	80,140	4,289	8,553	92,982
Unrealised (depreciation)/appreciation	(3,960)	83	–	(3,877)
Valuation at 31 December 2019	76,180	4,372	8,553	89,105
Purchases	2,242	86	12,683	15,011
Sales	(14,414)	(187)	(7,537)	(22,138)
Realised gain on sales	6,487	–	–	6,487
Increase in unrealised (depreciation)/appreciation	(12,539)	59	–	(12,480)
Valuation at 31 December 2020	57,956	4,330	13,699	75,985
Cost at 31 December 2020	74,455	4,188	13,699	92,342
Unrealised (depreciation)/appreciation	(16,499)	142	–	(16,357)

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

12. Investments continued

The Company received £22.1m (2019: £15.3m) from investments sold in the year. The book cost of these investments when they were purchased was £15.6m (2019: £13.2m). These investments have been revalued over time and until they are sold any unrealised gains/losses were included in the fair value of the investments.

	Level 3 UK Unlisted £'000	Level 3 European Unlisted £'000	Level 1 'AAA rated money market funds £'000	Total £'000
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	2,696	112	12,862	15,670
Sales	(3,401)	(5,480)	(6,410)	(15,291)
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
Cost at 31 December 2019	80,140	4,289	8,553	92,982
Unrealised (depreciation)/appreciation	(3,960)	83	–	(3,877)

	2020 £'000	2019 £'000
Realised gains on sales	**6,487**	2,142
Unrealised (appreciation) recognised in prior years	**(7,378)**	(2,927)
	(891)	(785)
(Decrease)/increase in unrealised appreciation	**(5,102)**	12,080
Other movements	**–**	(2)
(Losses)/gains on investments	**(5,993)**	11,293

Included within unlisted investments are investments valued at £35.7m (2019: £39.9m) 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 2020, 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	31.12.20	n/a	n/a
Equity Harvest Fund LP	England	47.4	47.4	31.12.20	n/a	n/a
Premier Hytemp Topco Limited	Scotland	–	23.0	30.09.19	(20,147)	2,093
Red Topco Limited	England	–	20.1	31.03.20	(18,364)	5,134

12. Investments continued

(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
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

	2020 £'000	2019 £'000
Prepayments	**54**	45
Other debtors	**1,003**	1,028
	1,057	1,073

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

	2020 £'000	2019 £'000
Accruals	**97**	75
Other creditors	**2,174**	2,091
	2,271	2,166

A revolving credit facility of £5m is available to the Company until 31 May 2021. 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

	Nominal No. '000	31 December 2020 £'000	Nominal No. '000	31 December 2019 £'000
Allotted, called-up and fully paid Ordinary shares:				
At 1 January 2020	**20,644**	**5,161**	20,644	5,161
Repurchased during the year	**(2,544)**	**(636)**	–	–
At 31 December 2020	**18,100**	**4,525**	20,644	5,161

B Shares

	Nominal No. '000	31 December 2020 £'000	Nominal No. '000	31 December 2019 £'000
Allotted, called-up and fully paid B shares:				
At 1 January 2020	–	–	–	–
Issued during the year	–	–	516,102	5,161
Repurchased during the year	–	–	(516,102)	(5,161)
At 31 December 2020	–	–	–	–

15. Called-up share capital continued
The capital of the Company is managed in accordance with its investment policy and objectives which are detailed in the Strategic Report on page 22.

The Company repurchased and cancelled 2,543,882 ordinary shares in the year to 31 December 2020 at a cost of £9,975,313. The nominal value of these shares was £635,971 and represented 12.3% of the issued share capital.

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 at cost of £5.2m.

At 15 March 2021 no ordinary shares have been repurchased since 31 December 2020. 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 £74,922,074 (2019: £91,746,830) and on 18,100,180 ordinary shares in issue at the year end (2019: 20,644,062).

17. Capital commitments
There were outstanding capital commitments of £14.7m (2019: £22.2m) in respect of investments at the end of the year.

Outstanding capital commitments are as noted below:-

	2020 £'000	2019 £'000
Dunedin Buyout Fund II LP	**3,574**	5,135
Dunedin Buyout Fund III LP	**10,334**	16,307
Equity Harvest Fund LP	**-**	–
Realza Capital FCR	**756**	713
	14,664	22,155

18. Contingencies
There were no contingent liabilities at the year end (2019: £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 10 to 20. The Company's overall market positions are monitored by the Manager on an ongoing basis and by the Board quarterly.

19. Financial instruments and associated risks continued

Market risk sensitivity

83% (2019: 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 51 to 52). 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 2020

	Fair value of investments £'000	Variable Input Sensitivty (%)	Impact £'000	% of Net Assets
Earnings multiple	32,827	±10	±3,942	±5.3
Revenue multiple	14,073	±10	±1,244	±1.7
Net assets	11,561	±20	±5,956	±7.9

As at 31 December 2019

	Fair value of investments £'000	Variable Input Sensitivty (%)	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

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 2020 Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
Sterling	52,584	13,850	5,190	71,624
Euro	2,093	–	2,420	4,513
Total	54,677	13,850	7,610	76,137

31 December 2019 Currency	Fixed rate £'000	Floating rate £'000	Nil rate £'000	Total £'000
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

The fixed rate assets comprise fixed rate lendings to investee companies. Fixed rate lendings have a weighted average interest rate of 10% per annum (2019: 6%) and a weighted average life to maturity of 2.6 years (2019: 3.5 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.

19. Financial instruments and associated risks continued

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:

	2020 £'000	2019 £'000
Unquoted debt	**54,677**	63,955
AAA rated cash OEICs	**13,699**	8,553
Cash deposits	**151**	3,735
Total	**68,527**	76,243

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 quickly liquidate 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 2020, 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 2019.

	2020 £'000	2019 £'000
Euro	**238**	241
Total	**238**	241

20. Investments in unconsolidated entities

Details of the undertakings which were unconsolidated subsidiaries held at 31 December 2020 and 31 December 2019 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 2019	4,372
Net capital movements	(101)
Valuation movements	59
Valuation at 31 December 2020	4,330

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 (2019: £0.6m) in respect of these limited partnerships. The total investment management fee payable by the Company to the Manager is therefore £0.7m (2019: £0.7m).

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 2020 there is a provision made within Investments for carried interest of £7.5m (2019: £8.0m) relating to Dunedin Buyout Fund III LP and £0.1m (2019: £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.

22. Restatement

An accounting prior year adjustment has been made, which impacts the years ending 31 December 2017 to 31 December 2019. The Circular issued to shareholders in April 2017 stated that the intention was for B shares to be paid up for "new consideration", and the restatement is to correct the accounting entries that should have been made to reflect this. The restatement has no impact on the net asset value of the Company in any of the periods covered by the adjustment. The impact of the restatement is shown in the table below.

	Capital redemption reserve £'000	Capital reserve – realised £'000
Opening position at 31 December 2018	20,644	(20,644)
Twelve-month period ended 31 December 2019	5,161	(5,161)

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-sixth Annual General Meeting of the shareholders of Dunedin Enterprise Investment Trust PLC will be held at 2.00 pm on 12 May 2021 at Dickson Minto WS, 16 Charlotte Square, Edinburgh, EH2 4DF for the following purposes:

To consider and, if thought fit, pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 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 2020.

2. To approve the Directors' remuneration report for the year ended 31 December 2020.

3. To declare a final dividend for the year ended 31 December 2020.

4. To re-elect Angela Lane as a Director.

5. To re-elect Duncan Budge as a Director.

6. To re-elect Brian Finlayson as a Director.

7. To re-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.

8. To authorise the Directors to fix the remuneration of the auditors.

Special Business

9. 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 2,713,216;

    (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.

10. That a general meeting other than an annual general meeting may be called at not less than 14 clear days' notice.

11. That subject to the confirmation of the Court of Session, the capital redemption reserve of the Company be reduced by cancelling the entire amount standing to the credit of the Company's capital redemption reserve and subject to any undertaking required by the Court of Session, the credit thereby arising in the Company's books of account from the cancellation of the Company's capital redemption reserve be applied by crediting a special reserve which shall be applied in any manner in which the Company's profits available for distributing are to be applied (as determined in accordance with the Companies Act and The Companies (Reduction of Share Capital) Order 2008) including by way of dividends and buyback of shares.

12. That the Articles of Association produced to the meeting and signed by the chairman of the meeting for the purposes of identification be approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association with effect from the conclusion of the meeting.

By Order of the Board

Dunedin LLP
Secretary
28 March 2021

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. Please note that there may be restrictions on entry due to coronavirus. We strongly recommend appointing the Chairman as your proxy.

4. To appoint a proxy using the enclosed Form of Proxy, it must be lodged by 2.00 pm on 10 May 2021 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 10 May 2021. 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 28 March 2021 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consisted of 18,100,180 ordinary shares of 25 pence each, carrying one vote each. Therefore, the total voting rights in the Company as at 28 March 2021 are 18,100,180.

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 10 May 2021 (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 10 May 2021 (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 Dickson Minto WS, 16 Charlotte Square, Edinburgh, EH2 4DF 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 outbreak in the United Kingdom. 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/.

Given the risks posed by the spread of coronavirus and in accordance with Government guidance, the Directors may impose entry restrictions on attendance at the AGM in order to ensure the health, wellbeing and safety of the Company's shareholders and officers as well as compliance with the venue's security requirements.

The Board therefore urges shareholders to comply with the Government's instructions to stay safe and not undertake unnecessary travel. However shareholders may and are strongly encouraged to participate in the business of the AGM by exercising their votes in advance of the AGM by completing and returning the form of proxy. The Board and the Company's manager will ensure that a quorum of two shareholders is present at the AGM to allow it to take place and for the proxy votes to be exercised.

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 10 May 2021.

The Board would also welcome questions from shareholders in advance of the AGM. Please submit all questions to info@dunedinenterprise.com by 10 May 2021. The Board will provide answers to these questions after the AGM.

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) and by RNS by 10 May 2021.

22. A copy of the proposed new articles of association of the Company, together with a copy showing all of the proposed changes to the existing articles of association, will be available for inspection on the Company's website, www.dunedinenterprise.com , from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM. In the event that the current Coronavirus related restrictions are lifted before the AGM, a hard copy of these documents will also be available for inspection at Dickson Minto WS, 16 Charlotte Square, Edinburgh, EH2 4DF until the close of the AGM.

Appendix

Summary of the principal amendments to the Company's articles of association

Set out below is a summary of the principal amendments which will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 12 to be proposed at the AGM is approved by shareholders.

This summary is intended only to highlight the principal amendments to the Existing Articles. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. This summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection on the Company's website, www.dunedinenterprise.com, from the date of the AGM Notice until the close of the AGM.

Hybrid/virtual-only shareholder meetings

The New Articles permit the Company to hold shareholder meetings on a virtual basis, whereby shareholders are not required to attend the meeting in person at a physical location but may instead attend and participate using electronic means. A shareholder meeting may be virtual-only if attendees participate only by way of electronic means, or may be held on a hybrid basis whereby some attendees attend in person at a physical location and others attend remotely using electronic means. This should make it easier for the Company's shareholders to attend shareholder meetings if the Board elects to conduct meetings using electronic means. Amendments have been made throughout the New Articles to facilitate the holding of hybrid or virtual-only shareholder meetings.

While the New Articles (if adopted) would permit shareholder meetings to be conducted using electronic means, the Directors have no present intention of holding a virtual-only meeting. These provisions will only be used where the Directors consider it is in the best of interests of shareholders for a hybrid or virtual-only meeting to be held. Nothing in the New Articles will prevent the Company from holding physical shareholder meetings.

In addition updates have been made to the articles to allow postponement of general meetings.

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 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
Equiniti
Aspect House
Spencer Road
Lancing
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 es-dividend.

See page 24 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 Terrance, Edinburgh, EH1 2EN. All remuneration disclosures required will be included in the annual report of the Company for the year ending 31 March 2021.

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 2020	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 2020 and half year end 30 June 2021 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
Angela Lane

Website
www.dunedinenterprise.com
Email info@dunedinenterprise.com

Manager, Secretary & Registered Office
Dunedin LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN
Email info@dunedin.com
Website www.dunedin.com
Registered No. 52844 Scotland

Registrar
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Tel 0371 384 2440

Bankers
Lloyds TSB Bank plc

Solicitors
Dickson Minto WS

Auditor
Johnston Carmichael LLP