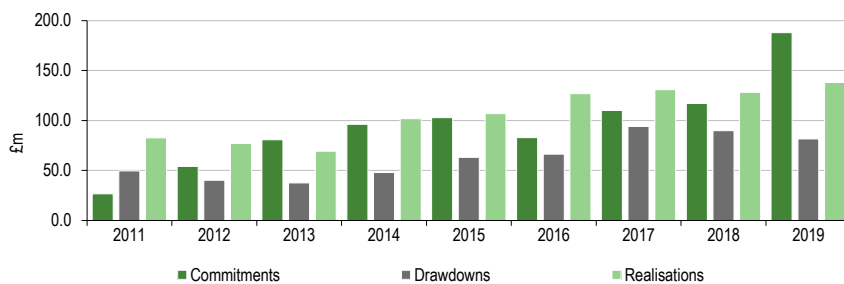


Standard Life Private Equity Trust

Maintaining its track record

Standard Life Private Equity Trust (SLPET) closed the year ending 30 September 2019 (FY19) with an above average volume of new commitments, with 11 new primary and secondary investments along with its first direct co-investment. Meanwhile, its distribution income (£138.1m) remained above its total drawdowns (£81.6m). SLPET recorded a 10.5% NAV total return in FY19, broadly in line with its performance since inception (10.2% pa), while being clearly ahead of the FTSE All-Share Index (2.7%). Subsequent sterling appreciation resulted in a NAV decline, with a c 5.4% one-year NAV TR as at end-December 2019.

Strong commitments in FY19 compared to prior years



Source: Standard Life Private Equity Trust, Edison Investment Research

The private equity market opportunity

Expansion in private equity markets in recent years has resulted in rising levels of uninvested capital or 'dry powder'. The attractive exit environment for private equity managers, fuelled by rising market valuations, simultaneously increases the risk of lower returns on new investments. SLPET focuses on the mid-market, where proportionately less dry powder is accumulating relative to the large- and mega-cap segments and on managers that specialise in creating operational value in underlying assets. It also uses secondary and co-investment transactions to enhance returns and reduce cash drag.

Why consider investing in SLPET?

- Focus on a core group of leading European private equity managers.
- Disciplined and rigorous manager evaluation and selection process.
- Experienced investment team with strong private equity manager relationships.
- Concentrated portfolio, with top 10 fund investments equating to c 50% of NAV.
- Consistent track record of selecting top-performing managers.
- Long-term NAV outperformance of European and global private equity indices.

Commitment to maintaining dividend's real value

For FY19, SLPET declared quarterly dividend payments of 3.2p per share (3.1p in FY18), which represents a 3.4% annualised yield and is aligned with its goal of retaining the real value of the total annual dividend. Due to the strong appreciation of sterling against other currencies between October and December (resulting in lower sterling NAV), the share discount narrowed post balance sheet date to 12.9%.

Investment trusts

28 January 2020

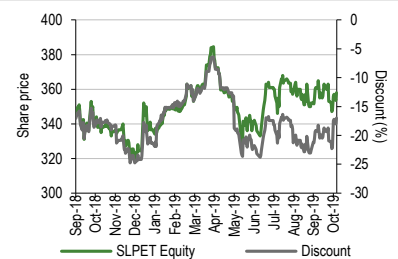
Price 382.0p
Market cap £587m
NAV* £675m

NAV per share* 438.8p
Discount to NAV 12.9%

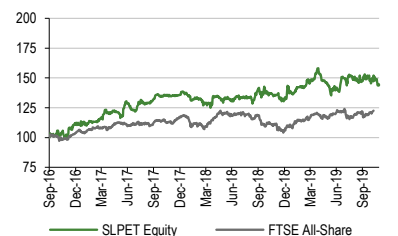
*Estimated NAV as at 31 December 2019.

FY19 prospective yield 3.4%
Ordinary shares in issue 153.7m
Code SLPE
Primary exchange LSE
AIC sector Private Equity
Benchmark None

Share price/discount performance



Three-year performance vs index



52-week high/low 401.0p 329.0p
NAV** high/low 461.9p 407.3p

**Including income.

Gearing

Gross* 0.0%
Net cash* 9.3%

*As at 31 September 2019.

Analyst

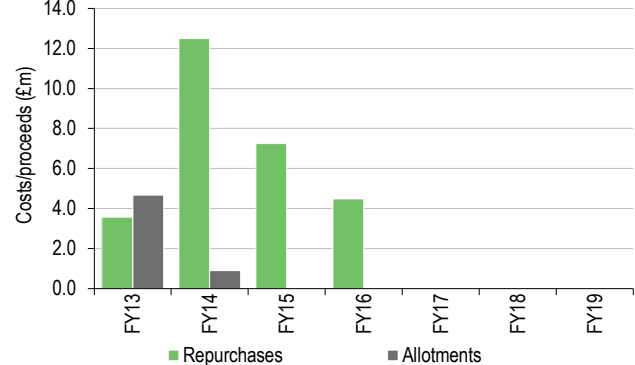
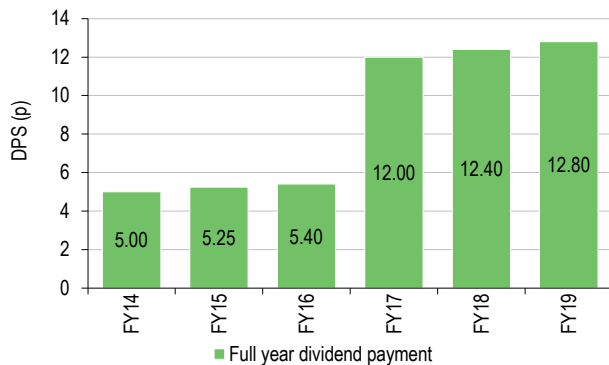
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Standard Life Private Equity Trust is a research client of Edison Investment Research Limited

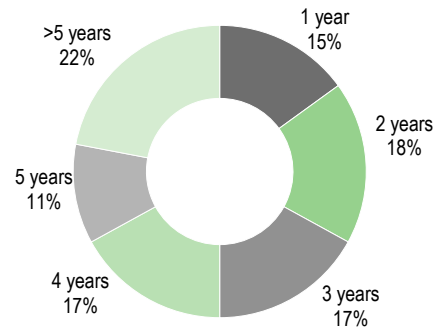
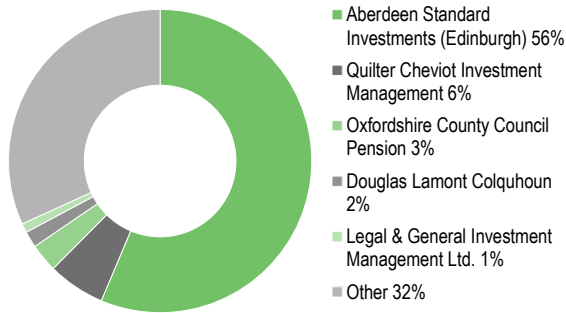
Exhibit 1: Trust at a glance

Investment objective and fund background		Recent developments			
SLPET's objective is to achieve long-term total returns through investing in a diversified portfolio of leading private equity buyout funds and direct co-investments, a majority of which have a European focus, with exposure principally managed through the primary and secondary funds markets. No size or geographic restrictions apply to fund selection. There is currently no available benchmark that the board deems an appropriate measure of SLPET's investment performance.		<ul style="list-style-type: none"> 15 January 2020: Estimated NAV as at 31 December 2019 at £674.7m (438.8p per share). 9 January 2020: Full-year results to 30 September 2019 – NAV total return +10.5%, share price total return +5.7%, vs FTSE All-Share Index total return +2.7%. 13 December 2019: Estimated NAV as at 31 October 2019 at £663m (431.3p per share) – 3.4% month-on-month decrease. 12 December 2019: 3.2p dividend announced for Q419. 			
Forthcoming		Capital structure		Fund details	
AGM	January 2020	Ongoing charges	1.09% (FY19 direct fees)	Group	Aberdeen Standard Investments
Interim results	June 2020	Net cash	9.3% (as at end-Sep 2019)	Manager	SL Capital Partners
Year end	30 September	Annual mgmt fee	0.95% of NAV	Address	1 George Street, Edinburgh EH2 2LL
Dividend paid	Jan, Apr, Jul, Oct	Performance fee	None	Phone	0131 245 0055
Launch date	29 May 2001	Trust life	Indefinite	Website	www.slpet.co.uk
Continuation vote	N/A	Loan facilities	£100m revolving credit facility		

Dividend policy and history (financial years)		Share buyback policy and history (financial years)	
Since FY17, the board's intention has been to maintain the real value of the annual dividend. Four quarterly dividends of 3.2p are planned for FY19.		The board views buybacks as part of its strategy in relation to capital efficiency. SLPET has authority to repurchase 14.99% and allot 5.0% of its issued capital.	



Shareholder base (as at 17 January 2020)	Holding period of underlying investments (as at 30 September 2019)
--	--



Top 10 underlying holdings

Company	Business	Location	Fund	Year invested	% of SLPET's net assets	
					30 Sep 2019	30 Sep 2018*
Action	Non-food discount retailer	Netherlands	3i Eurofund V	2011	7.7	5.4
TeamViewer	Computer software	Germany	Permira V	2014	1.6	0.6
Trustly	Online payment provider	Sweden	Nordic Capital Fund IX	2018	1.1	N/A
Handicare	Mobility solutions for disabled and elderly	Sweden	Nordic Capital Fund VII	2010	1.0	0.8
Norican	Metallic parts formation & preparation industry	Denmark	Altor Fund IV	2015	0.9	1.2
R1 RCM	Healthcare revenue cycle management	US	TowerBrook Investors IV	2016	0.9	0.9
ERT	Data collection solutions for clinical trials	US	Nordic Capital Fund VIII	2016	0.9	0.8
Mademoiselle Desserts	Premium frozen industrial finished and semi-finished pastry	France	IK VIII	2018**, 2019***	0.9	N/A
B&B Hotels	Network chain of budget hotels	France	PAI EUROPE VI	2016	0.9	0.6
Infopro Digital	B2B professional information services	France	TowerBrook Investors IV	2016	0.8	0.7
Top 10 (at each date)					16.7	11.0

Source: SLPET, Edison Investment Research, Bloomberg, Morningstar, Refinitiv. Note: *N/A where not in end-September 2018 top 10. **Fund investment. ***Co-investment.

Fund profile: Access to Europe's leading PE managers

SLPET was launched and listed on the London Stock Exchange in 2001, with the objective of achieving long-term total returns through investing in a diversified portfolio of leading private equity buyout funds, predominantly with a mid-market European focus. The manager's aim is for SLPET to hold c 50 active fund investments, providing exposure to more than 350 underlying private companies and giving the portfolio a broad diversification by country, industry sector, maturity and number of underlying investments (with individual fund and manager exposure limits set at 12.5% and 20.0% of NAV, respectively). The manager considers that access to leading private equity professionals and selective fund allocation are essential to achieving the best possible investment performance, given that historical returns across the private equity fund universe have varied widely.

In January 2017, its investment mandate was extended, removing restrictions on the target enterprise value range of the funds selected for investment, and the limit on portfolio investments outside Europe. The subsequent strategic review and AGM in January 2019 also allowed the fund to conduct direct co-investments alongside private equity managers, with which SLPET or the manager has a strong existing relationship.

The fund manager: ASI Private Equity team

SLPET's investment manager is SL Capital Partners, part of Aberdeen Standard Investment (ASI) private equity team, consisting of 41 investment professionals based in Europe and the US. With over £12bn in private equity AUM, it is one of the largest investors in PE funds and co-investments with a European focus. During 18 years of managing SLPET, the investment manager's team members held over 400 seats on advisory boards. The manager sees the company's scale and the team's experience as key advantages in selecting Europe's top-tier private equity funds, which may be less accessible to the wider market, as well as sourcing attractive co-investment opportunities. The well-resourced and experienced investment team is led by senior management with average industry experience of 22 years. Alan Gauld, who previously served as an investment director focused on buyout funds, co-investments and secondary investments, took over as lead manager (announced by the company in January 2020). He has already been involved in all aspects of investing, including sourcing, appraising and executing investments as well as portfolio monitoring. He will be supported by Patrick Knechtli, leading the secondaries team at ASI, and Mark Nicolson, head of primaries. Prior to joining SL Capital, Patrick Knechtli spent eight years at Collier Capital in London, responsible for secondary portfolio transactions while, prior to joining the company in 2007, Mark Nicolson worked for the corporate finance division of KPMG UK and then served as an advisory board member on a number of leading private equity funds. The management team includes also Merrick McKay, who served as head of private equity Europe and a member of the ASI Private Equity Investment Committee until the end of FY19, before taking on a wider role within Aberdeen Standard Investments as head of European private equity.

The manager's view: Expansion of private equity

As private equity continues to outperform public markets in the long term, investors have shifted their interest towards this asset class, driving total assets under management to a record high of c \$3.4tn globally as at mid-2019. Companies are staying private for longer, increasing the pool of opportunities for private equity managers. The best performing managers raise new funds relatively easily, attracting capital aimed at strong returns in an expected low-growth environment. These robust fund-raising conditions led to a record level of dry powder, exceeding US\$600bn of committed, but not yet invested capital across European and US buyout markets, according to the

company. On both sides of the Atlantic, large funds (over \$5bn AUM) were largely responsible for an increase in uninvested resources, as mid-market levels remained relatively consistent.

However, a higher level of dry powder is driven not only by a strong and steady new capital inflow to the segment, but also by a decrease in transaction volumes. The first half of 2019 saw subdued levels of activity, particularly compared with the same period in 2018. The same trend is observable on the other end of the investment cycle, as exit activity, which has been buoyant over the last 10 years, cooled down. According to Greenhill & Co, the first six months of 2019 saw a reduction in exit activity, possibly as buyers became more cautious in anticipation of a potential economic slowdown.

The secondary market has seen another year of robust growth as a combination of strong pricing, buoyant fund-raising and innovation in deal types resulted in record levels of deal volume in this segment. According to Greenhill & Co, deal volumes for the first half of 2019 were around US\$42bn, implying a 56% y-o-y improvement. Momentum remained strong in the second half of 2019, which in Greenhill's opinion should prompt a new high in the annual volume, exceeding the 2018 figure of US\$74bn. The key driver of the expansion is an increase in manager-led transactions, which include liquidity offerings, fund restructurings and spin-out deals.

The investor appetite for co-investment continues to increase and is fuelling activity. Having greater control of investment selection and the lower level of fees attracts investors willing to bear more risk to improve their earnings. According to Greenhill & Co, such alternative investment types are especially interesting, as the overall pricing level in the private equity market remains above 10x EBITDA levels, limiting potential upside.

Asset allocation

Investment process: Systematic, disciplined approach

SLPET's investment activity focuses on identifying attractive private equity funds, which form a diversified portfolio of c 50 active fund investments, providing exposure to over 350 underlying private companies with a mixed national and industrial background. It monitors a universe of c 800 institutional-grade private equity funds in Europe, with 100–150 funds screened for investment each year, of which typically c 25 are shortlisted and reviewed in detail. The extensive fund and direct dealing experience of the team gives the manager strong insight into the strategies of the funds reviewed for investment, as well as the processes and disciplines of the private equity managers, which feed into the team's qualitative decisions on where to invest. As the managing team is located in Europe and the US, it enables detailed monitoring of potential investment on both sides of the Atlantic, providing opportunities to improve geographical diversification.

SLPET typically makes around four to six primary fund commitments each year (although FY19 was particularly active with eight new commitments). Beside primary fund investments (which dominate in terms of volume), activity also include secondary market transactions (three new transactions in a year) and direct co-investments (first co-investment made). These help adjust SLPET's portfolio exposures, providing additional diversification, and maintain capital efficiency. Even though secondary investments typically generate lower valuation gains in absolute terms, they can provide higher annualised internal rates of return (IRRs) due to their shorter holding periods. On the other hand, secondary interests normally have a lower risk profile than primary commitments, as the underlying holdings can be evaluated prior to purchase.

Following the investment policy update, SLPET is now permitted to engage in direct co-investments, which may constitute up to 20% of its total assets. The rationale behind direct co-investments includes: 1) their potential to generate returns ahead of fund investments; 2) associated lower fees; 3) the opportunity to increase exposure to particularly attractive assets; and

4) the ability to invest selectively without increasing long-term commitments. Although SLPET had not previously made direct co-investments, the ASI Private Equity co-investment team is well resourced and includes a number of experienced investment professionals with long-established track records in direct private equity investment. Furthermore, all direct investments would be carried out along investment managers with a long track record of successful co-operation with ASI Private Equity, which provides additional security. The manager aims to reach the target allocation to co-investments of c 20% of NAV over the medium term, supported by the belief that they can invest c 5% a year into the segment, reaching the target around 2023. Currently, SLPET's sole direct co-investment is Mademoiselle Desserts (concluded in Q119) representing c 0.9% of its portfolio.

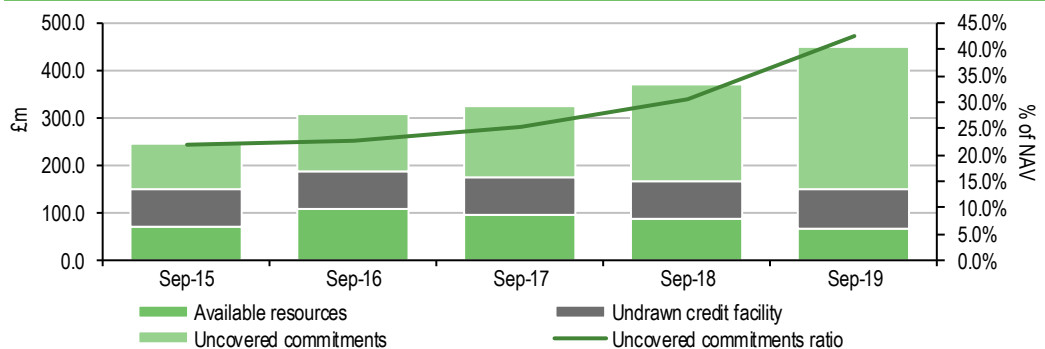
Commitments and financial resources

In FY19, SLPET was very active in terms of new commitments, which reached £188m compared to £117m in FY18. These included eight primary fund commitments (£169m), three transactions (£18m) and one co-investment (£1m). Management indicates that the high level of primary commitments in FY19 was a function of a number of core PE managers returning to the market to conduct fund-raising at the same time. Consequently, the company expects a lower level of primary commitments in FY20. The share of SLPET's new commitments outside Europe in FY19 (c 27%) is higher than its non-European portfolio exposure at the start of the financial year (17%), illustrating the company's efforts towards further regional diversification. This reflects a £15.3m commitment to American Industrial Partners Fund VII and £9.4m to Great Hill Partners Fund VII, both with a North American focus, as well as a £21.4m commitment to Advent GPE IX Fund operating globally. It is worth noting that all of SLPET's new commitments are attributable to core private equity managers, with whom the company has strong relationships and which it has tracked over the long term.

As a result, outstanding commitments reached £450.3m at the end of September against £369.3m a year earlier, which represents a continuation of the upward trend over the last five years. This figure already reflects the sale of holdings in 17 mature funds completed in FY19, which held outstanding commitments of £32.6m as at 31 December 2018. However, it is worth noting that management estimates that c £62m of outstanding commitments (primarily to funds beyond their investment period) will not be drawn. The last available data as at end-December 2019 indicate a decrease in outstanding commitments to £394.6m.

Meanwhile, available liquid resources at end-September 2019 reached £67.7m. Together with an undrawn £80m credit facility, this implied uncovered commitments of c £303m and an over-commitment ratio of 42.6% of NAV at end-September 2019 (compared to 30.7% at end-FY18, ie end-September 2018). This is close to the midpoint of SLPET's long-term 30–75% target range.

Exhibit 2: Available resources and outstanding commitments



Source: SLPET, Edison Investment Research

Post balance sheet date, the board agreed an expansion of the revolving credit facility with Citibank and Société Générale to £100m and has extended the expiry date to December 2024. Based on

the last available data (as at end-December 2019), and after adjusting for the credit facility extension and deducting the c £62m commitments which are unlikely to be drawn, we arrive at an over-commitment ratio of c 28%. It is worth noting that SLPET is a fund-of-funds structure with a longer investment cycle than PE funds focused on direct investments and thus requires a relatively high level of unfunded commitments to remain fully invested; the over-commitment ratio may therefore appear relatively high while not necessarily being associated with greater risk.

Moreover, commitment levels are determined by the manager based on a detailed analysis of scheduled and projected portfolio cash flows. At present, c 50% of SLPET's portfolio by value consists of relatively mature investments held for four or more years, suggesting a potentially high level of realizations in the near term. Interestingly, SLPET's investments held over five years are currently valued at a 2.9x multiple at end-September 2019 (vs 1.9x at end-September 2018), although this is boosted by selected underlying holdings which are performing exceptionally well (eg Action, TeamViewer or Dr Martens). There were also some noticeable revaluations in the four- to five-year bucket.

Current portfolio positioning

As at 30 September 2019 (latest available data), SLPET's portfolio comprised 48 private equity fund interests (11 of which held no investment as at SLPET's balance sheet date and eight had one or two investments remaining), representing holdings in 378 underlying companies. The top underlying is Action (7.7% of NAV), a western European non-food discount retailer offering a wide range of low-cost products from decoration, DIY, garden and outdoor through sports and multimedia to clothing, linen and personal care. Interestingly, only c 35% of its product range is fixed (unlike most traditional retailers). It operated more than 1,325 stores with over 46,000 employees across Europe at end-December 2018, including the Netherlands, Belgium, France, Germany, Austria and Poland. Rather than a platform investment, Action is set to deliver solid organic growth on the back of store expansion coupled with a defensive profile and high cash generation. It generated annual sales in excess of €4.0bn in FY18 (compared to €1.5bn in FY14) and EBITDA of around €450m (vs €166m in FY14). Importantly, Partners Group has recently agreed to sell its stake in Action to Hellman & Friedman and fully exit the investment. The transaction implies an enterprise value for Action of €10.25bn.

SLPET's portfolio is broadly diversified, but its focused approach is reflected in the concentration of its top 10 fund holdings (see Exhibit 3), which represented 53.9% of NAV at 30 September 2019 (up 4.5pp vs end-FY18).

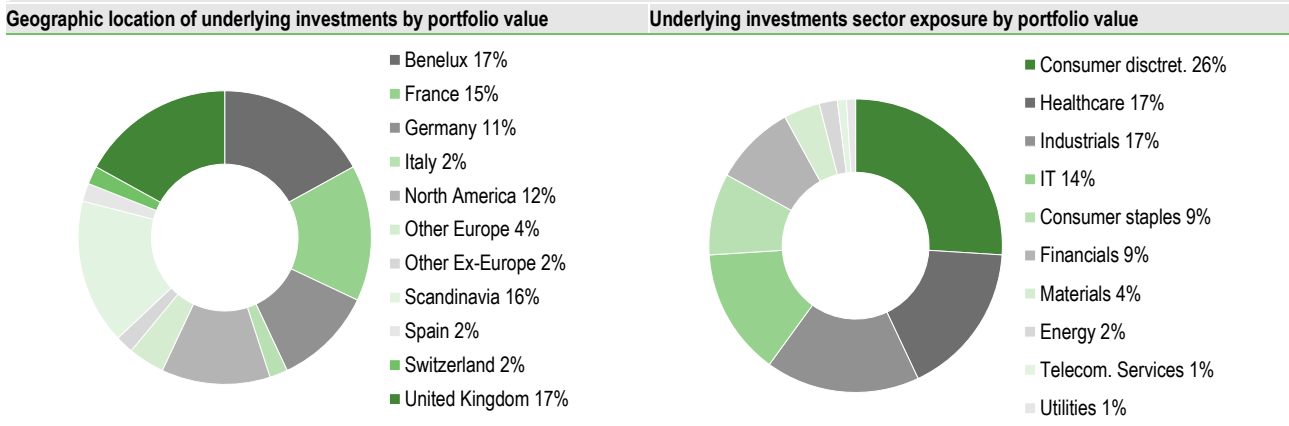
Exhibit 3: SLPET's top 10 private equity fund holdings as at 30 September 2019

Fund	Strategy	Vintage	No. of holdings	Outstanding commitments £m	Residual cost £m	Valuation £m	% of NAV		Net multiple
							30 Sept 2019	30 Sept 2018	
3i Eurofund V	European mid-market buyouts	2006	2	1.8	11.2	54.7	7.7	5.7	2.7x
Advent International GPE VIII	Mid-market buyouts, Europe and North America focus	2016	30	5.1	34.4	44.5	6.3	4.4	1.3x
IK VIII	N. European mid-market buyouts	2016	12	7.7	32.5	41.2	5.8	5.7	1.3x
IK VII	N. European mid-market buyouts	2012	12	1.8	24.8	40.1	5.6	5.7	1.9x
Permira V	Transformational buyouts globally	2014	16	2.6	18.1	39.1	5.5	4.6	2.7x
Nordic Capital Fund VIII	European complex buyouts & global healthcare	2013	14	24.5	23.1	37.7	5.3	6.9	1.8x
Altor Fund IV	N. European mid-market buyouts	2014	19	19.0	28.5	33.5	4.7	4.3	1.2x
Exponent Private Equity Partners III	UK mid-market buyouts	2015	11	1.9	26.1	33.4	4.7	4.8	1.3x
Bridgepoint Europe V	European mid-market buyouts	2015	15	2.0	25.3	31.5	4.4	3.8	1.3x
CVC Capital Partners VI	Mid to large buyouts, Europe and North America focus	2014	28	1.5	17.3	27.7	3.9	3.5	1.6x
Top 10 at each date			159	67.7	241.4	383.3	53.9	49.4	

Source: SLPET, Edison Investment Research. Note: Commitments, cost and valuation figures relate to SLPET's interest.

Within SLPET's portfolio at end-September 2019, the top 10 managers accounted for c 67.3% of SLPET's portfolio (vs 63.6% at end-September 2018), with the highest exposure being IK Investment Partners (11.4% of NAV). This well-established relationship resulted in SLPET's first co-investment in Mademoiselle Desserts, which accounts for a further 0.9% of NAV.

Exhibit 4: Portfolio diversification by geography and sector at 30 September 2019



Source: SLPET, Edison Investment Research

While SLPET's investment policy revision in 2017 waived the 20% exposure limit to PE funds investing mostly outside Europe, its regional portfolio split has remained broadly stable since 2016 with more than an 80% share of Europe (86% as at end-September 2019), low double-digit exposure to the US (12%) and a single-digit share of other ex-European investments (2%). In the longer term, diversification improved more significantly within Europe, with exposure to the UK down from 64% at the time of the company listing (May 2011) to 17% at end-FY19. In terms of sectors, consumer discretionary (26%) has become the largest exposure at end-September 2019, replacing industrials (22% at end-FY18). In the long run, SLPET increased its exposure to healthcare (17% share of portfolio) and IT (14% share). SLPET's non-sterling currency exposure (primarily to the euro and US dollar) is unhedged, but cash and debt are held broadly in proportion to the currencies of outstanding fund commitments.

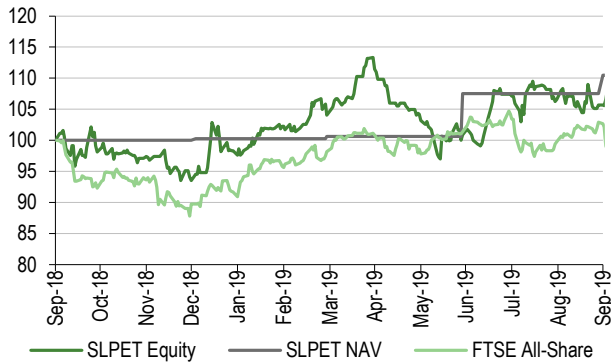
Performance: Annual NAV total return exceeding 10%

In FY19, SLPET's NAV total return (TR) of 10.5% was slightly ahead of its performance since inception of 10.2% and clearly outperformed its comparator index (FTSE All-Share Index), which gained a mere 2.7%. In the same period, SLPET's total shareholder return was 5.7%.

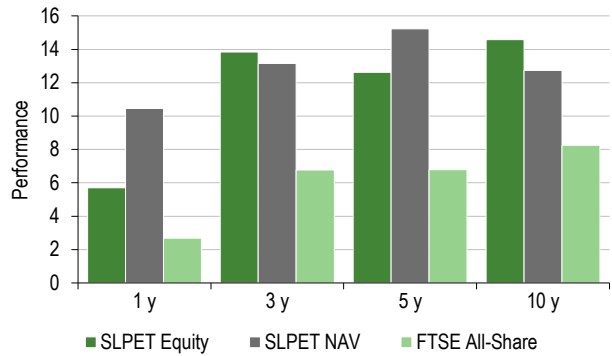
Between end-September 2019 and end-December 2019, the company recorded a 23.1p decrease in NAV per share, which is partially attributable to the October 2019 dividend payment, but mainly to the strong negative foreign exchange impact. As sentiment towards the UK improved, sterling had appreciated markedly against the euro and US dollar, with only 17% of SLPET's portfolio being sterling denominated as at end-September 2019. Consequently, the one-year NAV total return as at end-December 2019 was 5.4%.

Exhibit 5: Investment trust performance to 30 September 2019

Price, NAV and index total return performance, one-year rebased



Price, NAV and index total return performance (%)



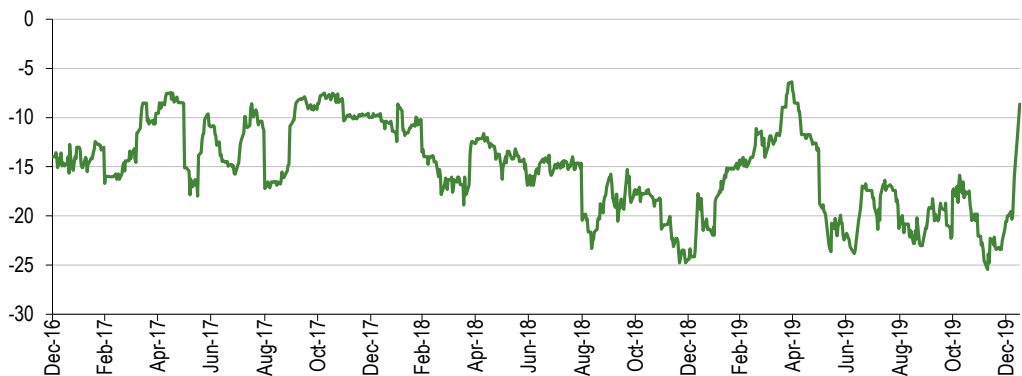
Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

SLPET closed FY19 as a net seller with £81.6m of total drawdowns in the period and £138.1m in distribution income, with an average valuation uplift on exits at more than 20% and an average exit multiple of c 2.2x. As SLPET is a fund of funds, the actual decisions to exit or invest an underlying portfolio holding is made by the PE manager of the fund to whom SLPET made the investment commitment. During the period, SLPET sold its interest in 17 mature secondary and buyout funds with limited potential upside, receiving a total consideration of c £29.9m (representing a 5% discount to the valuation at end-December 2018). The transaction was structured in two tranches, with the secondary fund interests sold in June 2019 and the buyout fund interests sold in September 2019 in separate deals with different counterparties. Moreover, during the financial year, the fund concluded a sale of listed positions for a total consideration of £33.3m, which constitutes 2.0p per share of net realised and unrealised gains, including dividend receipts. The remaining listed positions, with a fair value of £11.4m, were sold in the first two months following the end of the financial year.

Discount in line with a peer group average

SLPET's share price discount to NAV has always been characterised by relatively wide fluctuations, and yet again in FY19 it ranged between 5.9% to 24.3% with average of 17.6%. The discount narrowed considerably in the first half of the year, only to revert to a five-year average of c 18% in the following months. Currently, this value sits at 12.9%, following the share price run in January 2020 (15% increase) coupled with the decline in estimated NAV as at 31 December 2019 due to unrealised FX losses.

Exhibit 6: Share price discount to NAV over three years (%)



Source: Refinitiv, Edison Investment Research

Capital structure and fees

SLPET has a single share class, with 153.7m ordinary shares in issue. Although management holds authority to repurchase 14.99% and allot 5.0% of SLPET's issued capital (which was last renewed on 22 January 2019), no buybacks or allotments have been made since August 2016. Although the board considers allocating cash to share buybacks alongside new fund commitments, secondary fund purchases and dividend payments, it is committed to maintaining capital discipline. SLPET also held an undrawn £80m syndicated revolving credit facility (originally running to December 2020) provided by Citibank and Société Générale, which post the balance sheet date was expanded to £100m and extended until December 2024. Assuming a fully drawn credit facility against NAV as at end-December 2019, we would calculate gearing ratio of c 15%, which is at the midpoint of the company's policy, limiting borrowings to 30% of NAV. £11.4m of £67.7m in total available resources was held in listed equities as part of SLPET's cash management efforts to reduce cash drag. These holdings were largely sold post the balance sheet date. SLPET pays ASI an annual management fee of 0.95% of NAV, with no performance fee. FY19 ongoing charges (excluding indirect fund fees) were 1.09%, broadly in line with 1.10% in FY18.

Dividend policy and record

The board's intention is to reward shareholders through a strong and stable dividend payout, with a preservation of real value barring any unforeseen circumstances. In FY15, an interim dividend was introduced, which was later (FY18) transformed into quarterly distributions, comprising three interims and a final dividend subject to shareholder approval each year. In FY17, the total dividend payout was substantially increased to 12.0p per share vs just 5.4p in FY16. In the following year, four quarterly payments of 3.1p were made, and in FY19 the board has already paid an interim dividend of 3.2p in April, July and October 2019, declaring a final dividend of 3.2p to be paid in January 2020. The total dividend amount represents a yield of 3.4%.

Peer group comparison

Error! Reference source not found. Exhibit 7 shows a comparison of SLPET with a peer group of seven private equity funds of funds classified within the AIC Private Equity sector. Performance data are shown to end-September 2019, the date of SLPET's last published final quarterly NAV. SLPET's NAV total return is ahead of the peer group average over all analysed time horizons including one-, three-, five-, and 10-year terms. SLPET's share price discount to NAV recently moved below the peer average (of 16.1%) to 12.9%, resulting from a combination of share price appreciation, but also the negative impact of sterling appreciation on SLPET's NAV (given its >80% exposure to non-sterling assets). We note that the portfolios of its closest peers are also largely exposed to investments outside the UK, which means that fluctuations in sterling also have an impact on their NAV in sterling terms.

SLPET's 1.09% ongoing charge (excluding indirect fees) is the third lowest in the peer group, and it is the only fund in the peer group that does not pay a performance fee directly or indirectly to the investment manager in addition to carried interest payments made to the underlying third-party managers. SLPET's 3.4% yield, which reflects the planned 12.8p total annual dividend for FY19, is the third highest among the four dividend-paying funds in the peer group.

Exhibit 7: Selected peer group as at 27 January 2020*

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (ex-par)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
Standard Life Private Equity	587.1	10.5	44.9	103.2	231.6	(12.9)	1.09	No	91	3.4
BMO Private Equity Trust	288.4	9.5	34.2	75.7	158.3	0.8	1.24	Yes	114	3.8
HarbourVest Global Private Equity	1,467.8	19.0	53.7	124.1	N/A	(10.3)	0.61	No**	95	0.0
ICG Enterprise Trust	680.5	6.1	44.7	73.8	205.0	(15.6)	1.34	Yes	94	2.2
JPEL Private Equity	186.8	(0.6)	25.2	99.1	68.1	(42.1)	1.23	Yes	122	0.0
NB Private Equity Partners	578.0	9.7	39.4	98.4	229.9	(14.5)	2.80	Yes	115	3.7
Pantheon International	1,327.9	13.6	47.7	98.1	252.5	(12.3)	1.23	Yes	90	0.0
Private Equity Holding	125.7	(0.5)	18.3	62.0	129.0	(51.8)	0.44	Yes	100	0.0
Average	665.0	8.1	37.6	90.2	173.8	(20.8)	1.3		104.3	3.2
Rank in peer group	4	3	3	2	2	4	6		8	3

Source: Morningstar, Edison Investment Research. Note: *Performance to end-September 2019. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared). **No performance fee is charged at HVPE level, but it is charged on the HarbourVest secondary and direct funds.

The board

SLPET's board comprises five independent non-executive directors including Christina McComb (appointed to the board in January 2013) who was appointed chair of the board since Edmond Warner's retirement at the end of December 2018. She has over 25 years' experience of investing in growth companies, including 14 years at 3i Group. McComb was replaced as senior independent director by Alan Devine (appointed May 2014), who has over 40 years' experience in commercial and investment banking. Diane Seymour-Williams (appointed June 2017) spent 23 years at Deutsche Asset Management and nine years at LGM Investments; she is also a director of Witan Pacific Investment Trust and Brooks Macdonald Group. Calum Thomson (appointed November 2017) has over 25 years' experience in financial services; he is also a director of Diverse Income Trust, British Empire Trust and Baring Emerging Europe. Jonathon Bond (appointed June 2018) has over 30 years' private equity industry experience and is a director of Jupiter Fund Management and executive chairman of the Skagen Group.

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