Murray Income Trust PLC

Half Yearly Report 31 December 2022

An investment trust founded in 1923 aiming
for high and growing income with capital growth

murray-income.co.uk

Contents

Investment Objective

The Company aims for a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

Benchmark

The Company's benchmark is the FTSE All-Share Index.

Performance Highlights

Net asset value total return[A]
Six months ended 31 December 2022

+4.0%

Year ended 30 June 2022 –4.0%

Share price total return[A]
Six months ended 31 December 2022

+3.8%

Year ended 30 June 2022 –0.7%

Benchmark total return
Six months ended 31 December 2022

+5.1%

Year ended 30 June 2022 +1.6%

Ongoing charges[A]
Forecast year to 30 June 2023

0.50%

Year ended 30 June 2022 0.48%

Earnings per share (revenue)
Six months ended 31 December 2022

16.3p

Six months ended 31 December 2021 17.7p

Dividend per Ordinary share
Year ended 30 June 2022

36.00p

Year ended 30 June 2021 34.50p

Discount to net asset value[A]
As at 31 December 2022

4.1%

As at 30 June 2022 3.8%

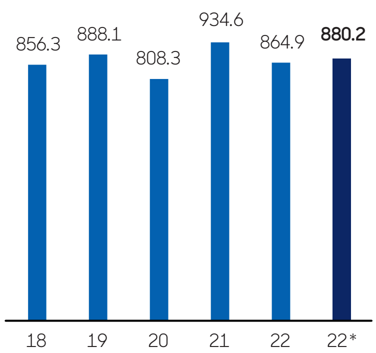
Dividend yield[A]
As at 31 December 2022

4.3%

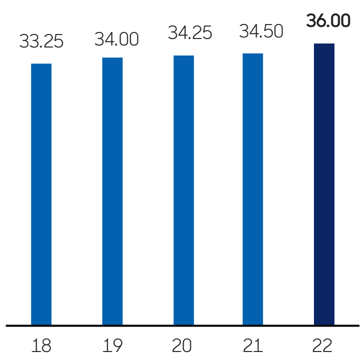
As at 30 June 2022 4.3%

[A] Considered to be an Alternative Performance Measure as set out on pages 28 and 29.

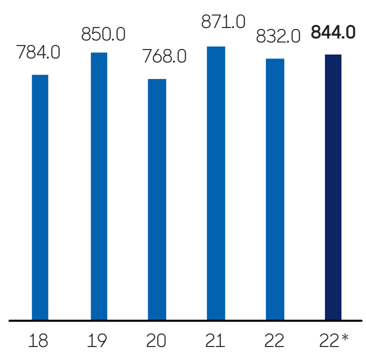
Net asset value per share
At 30 June (*31 December) – pence



Dividends per share
Year ended 30 June – pence



Mid-Market price per share
At 30 June (*31 December) – pence



Financial Calendar, Dividends and Investment Portfolio by Sector

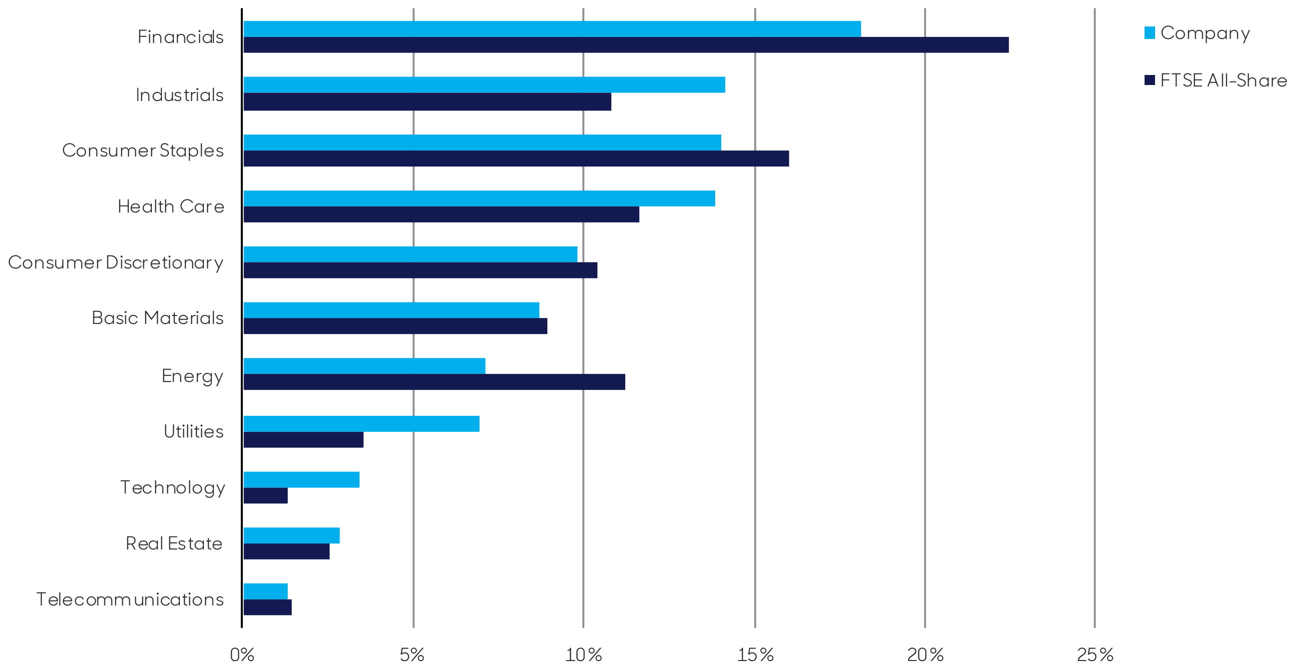
Financial Calendar

Payment dates of quarterly dividends	**March, June, September, December**
Financial year end	**30 June**
Expected announcement date of annual results	**September**
Centenary Annual General Meeting (Glasgow)	**7 November 2023**

Dividends

	Rate	Ex-dividend date	Record date	Payment date
First interim	8.25p	17 Nov 2022	18 Nov 2022	15 Dec 2022
Second interim	8.25p	16 Feb 2023	17 Feb 2023	16 Mar 2023
Third interim	8.25p	18 May 2023	19 May 2023	15 Jun 2023

Investment Portfolio by Sector as at 31 December 2022



“Murray Income celebrates its centenary in 2023. Look out for a series of events between our year-end on 30 June 2023 and our AGM in Glasgow on 7 November 2023.”

Neil Rogan, Chairman

Chairman's Statement

Shareholders continue to benefit from the enlarged scale of the Company following the merger with Perpetual Income & Growth Investment Trust with net assets over £1 billion, a lower blended management fee rate of 0.37%, a lower forecast ongoing charges ratio of 0.50%, plus additional liquidity and lower bid-offer spreads when trading. Our objective is to continue to provide a high and growing income combined with capital growth from a portfolio principally of UK equities: the dividend yield stood at 4.3% as at 31 December 2022 and we have now increased the dividend every year for the past forty-nine years.

Performance

Over the six months ended 31 December 2022, the Company's net asset value ("NAV") per share rose 4.0% in total return terms, as compared to the FTSE All-Share Index (the "Benchmark") return of 5.1%. The share price total return was 3.8% reflecting the discount widening from 3.8% to 4.1%.

The two principal parts of our investment objective are to provide a high and growing income. The dividend yield, based on the 31 December 2022 share price of 844.0 pence, is 4.3% which is high by most people's standards for an equity portfolio. We continue to grow our dividend, with a dividend increase chalked up in every one of the past forty-nine years. This puts us into the top ten on the AIC's list of 'Dividend Heroes' (the investment trusts with the longest records of annual dividend growth) as measured by the number of consecutive years of dividend growth.

For the full calendar year 2022, NAV total return was -6.0% while the Benchmark returned 0.3% and the share price total return was -4.1%. The underperformance came in the first half of 2022, caused largely by being underweight in the oil and gas sector (which benefited from the war in Ukraine) and a small number of stock specific factors. Looking over longer periods ended 31 December 2022, both NAV and share price performance were behind the Benchmark over three years but ahead of the Benchmark over five and ten years.

	3 years ended 31 December 2022	5 years ended 31 December 2022	10 years ended 31 December 2022
Performance (total return)	**%**	**%**	**%**
Share price[A]	6.8	30.8	94.5
Net asset value per Ordinary share[A]	5.7	24.2	99.6
FTSE All-Share	7.1	15.5	88.2

Source: abrdn & Morningstar

Investment Process

Our Manager's investment process is best summarised as a search for good quality companies at attractive valuations. The Manager defines a quality company as one capable of strong and predictable cash generation, sustainably high returns on capital and with attractive growth opportunities. These typically result from a sound business model, a robust balance sheet, good management and strong environmental, social and governance characteristics. These qualities helped avoid the worst of the dividend shocks during the pandemic.

Investment People

abrdn is our appointed investment management company. Charles Luke has been our lead portfolio manager since 2006, and works alongside Rhona Millar and Co-Manager Iain Pyle, as members of abrdn's now 20-strong UK and European Team.

Annual General Meeting ("AGM")

It was like old times at our Annual General Meeting ("AGM") on 1 November 2022, held in London, with many shareholders and their guests attending and plenty of questions asked. Over a buffet lunch afterwards, the opportunity was taken to informally discuss a whole range of matters with shareholders. This year's AGM on 7 November 2023 will be celebrating the Company's centenary and will be held where the Company was founded, in Glasgow.

Board

This is my final year as Chairman and as a Director of the Company. After serving nine years as a Director, I will retire from the Board at the end of the centenary AGM. I am delighted that the other members of the Board have determined that Peter Tait, currently Senior Independent Director, will succeed me as Chairman at that time.

Dividend Policy

Our normal practice is to announce in November our plans for the first, second and third interim dividends for the financial year. On 1 November 2022 we announced interim dividends, each of 8.25p per share, to be paid on 15 December 2022, 16 March 2023 and 15 June 2023. The Board also advised that it expected the fourth interim dividend, to be announced in August 2023 and paid in September 2023, to be at least 11.75 pence per share, as compared to 11.25 pence per share declared for the previous year.

In the year ended 30 June 2022 we were able to increase our full year dividend per share to 36.0p which represented a yield of 4.3% on the 31 December 2022 share price of 844.0p. Revenue earned by the Company for the year was 40.5p per share, with the surplus 4.5p being added to our revenue reserves which serve to support and smooth future dividends. For the year ending 30 June 2023, revenue earned is currently projected to be ahead of last year's dividend.

Share Capital

The Company bought back 1,168,091 Ordinary shares of 25p into treasury during the six months ended 31 December 2022, representing 1.0% of shares in issue at 30 June 2022, resulting in there being 115,522,381 Ordinary shares of 25p in issue with voting rights and an additional 4,007,151 shares held in treasury, at 31 December 2022.

Environmental, Social and Governance ("ESG")

In last year's Half-Yearly Report, we reported a new focus on the net zero initiative, one aspect of our ESG approach. Countries and companies are signing up to commitments as to when their operations will become net zero in terms of carbon emissions and on what basis they will be measured. We can apply this focus to Murray Income too: 96% of the portfolio by value or 50 out of 55 companies held in the portfolio on 31 December 2022 have set a net zero target date. The breakdown is shown in the following table:

	% of Portfolio by Value	Number of Companies
2030	37	18
2040	25	11
2050	34	21
Not yet committed	4	5
Total	**100**	**55**

Source: abrdn

Our Manager continues to engage with those that have not yet set a date as well as holding to account or pressing further those that have committed. From the companies that have committed we can infer an average net zero date for the Murray Income portfolio of 2040, a similar number to this time last year. The encouraging change over the year is that only five companies have yet to commit, compared to 16 a year ago. Please note that these numbers are snapshots, they could move up or down if the portfolio changes and the outcomes are not in any case within our control. But this will be a useful number for comparison over time, whilst remembering that net zero is just one of the environmental factors within ESG.

ESG considerations are integrated into the company analysis carried out by our Manager which is able to draw on the expertise of more than 20 in-house ESG specialists covering the UK and Europe. This aims to mitigate risk and enhance returns over the longer term, results in frequent dialogue with investee companies and helps to ensure that the companies in the portfolio are acting in the best long-term interests of their shareholders and society at large. It is important to note that the policy pursued by our Investment Manager on our behalf is dynamic rather than static. ESG conclusions can change if the inputs change: for example, one might look at Russia's invasion of Ukraine and conclude that the social factor of security and safety is more important now than previously considered. Similarly, one might consider energy security be given a higher weight relative to absolute CO_2 emissions and come to a different conclusion on holding an oil or gas stock.

Chairman's Statement

Continued

The Investment Manager's Report contains further information (including examples) on how ESG factors are incorporated into the Managers' investment approach. For more detailed information we would refer you to our 30 June 2022 Annual Report (pages 93-97) and to our website (**www.murray-income.co.uk**).

Update

From 31 December 2022 to 23 February 2023 (the latest practicable date prior to approval of this Report), the net asset value per share total return and share price total return were 5.1% and 4.5%, respectively, while the Benchmark total return was 6.4%. The discount widened to 6.0% over the same period, during which a further 1,559,380 shares were bought back into treasury by the Company, resulting in 113,963,001 shares with voting rights, and an additional 5,566,531 shares in treasury, as at the date of this Report.

Outlook

Writing this amongst headlines of crisis, emergency, strikes, inflation, recession and 'Spare' Harry, it was easy to miss the headline that the UK's FTSE-100 Index was at a 4-year high. How could that be if everything is so bad? A sense that some of these factors are either as bad as they could be or have started to recover is part of the answer. Let's consider the predominant concerns:

Inflation rose way higher than expected in 2022 fuelled by the jump in oil and gas prices following Russia's invasion of Ukraine. As companies passed on the pain to consumers, inflation rates rose well above central bank targets and sparked demands for increased wages to maintain living standards. The outlook now is rather different: wholesale oil and gas prices have already dropped sharply from last year's levels. The warm European winter (so far) has helped as have increased imports of Liquid Natural Gas. It is possible that we end this winter with enough gas in storage to meet next winter's needs. Central banks in the western world were too slow to react initially but have now tightened monetary policy significantly in response to rising inflation. While the effect is yet to be seen, remember that monetary policy works with a lag: most economists would say 12-18 months. Inflation may have already peaked.

That monetary lag is a negative for growth prospects. Many believe that we in the UK are already in recession. If not, we are very close to it. With interest rates still rising, consumer electricity and gas costs still very high and wages not keeping up with inflation it is going to be a while before growth recovers. But remember that the world economy is still growing.

After thirteen years of super-low interest rates in response to the 2008 financial crisis, it should have been no surprise that interest rates have started to return to normal, that is into the 3-5% range that would be considered average by historical standards. Yet some have been taken by surprise and have clearly not stress tested their business models for a return of normality. The most obvious example of this is the blow-up in LDI (Liability Driven Investment, a strategy used by pension funds to match their assets and liabilities more closely) that caused the crash in the UK gilt market in September. UK gilt yields rose to a level that was entirely reasonable but caught out many pension funds by doing so in six weeks, meaning that a significant number of them could not easily meet their increased collateral requirements. The real problem in this was leverage: some funds were, and still are, using leverage to boost their asset returns so as to meet their future liabilities.

Whenever a new financial crisis appears, excessive leverage is the most likely root cause. Banks' excessive exposure to sub-prime real estate lending is well understood to be the root cause of the 2008 crash. The question is: are markets strong enough to withstand the future stresses on leverage? Those stresses currently seem most visible in property and private equity. Just applying a common sense test reveals that most property prices are too high, yet most investors in property have little experience of falling prices. Combined with leverage and illiquidity, a property crash would be painful for many. Less obvious is the now-huge private equity sector, which depends heavily on leverage and favourable tax treatment for its returns. If you were a private equity fund that stripped the cash out of a company and paid it to yourselves in dividends, funding that payment by borrowing on the company's balance sheet and then interest rates go up, the net worth of that company would fall. In aggregate, private equity companies are yet to feel that pain. Excess leverage will be a problem if interest rates stay high.

One more visible change from last year in the UK is in politics: the new Sunak Conservative government may have less than two years to run before losing a general election to Labour, but there seems to be very little difference between the economic policies of the UK's two main political parties. Headline announcements of "take back control', "reform the NHS" and "no unfunded tax cuts" have originated from the Labour camp. This is perhaps the important legacy of the doomed Truss government: do something too radical and the consequences will force you out of office. Heeding this warning, the two parties now offer remarkably similar economic policies. However unlikely, that heralds the return of political stability. Another intriguing possibility is that a great reset is underway which will lay the foundation for future prosperity. It is well understood that productivity growth in the UK has lagged well behind previous trends and that many UK companies have depended on cheap labour, whether imported or otherwise, to fund their profitability. Whether it was Covid or Brexit, the supply of cheap labour has been disrupted. Companies are finding it very difficult to recruit workers on the low-wage or zero-hours contracts of before. Although the headline unemployment number is low, many people of working age are not currently seeking work, with early retirement and illness being common reasons. The initial response from many companies has been to cut back a little on staff numbers and wait. But now a new mood is emerging: higher hourly wage rates and better terms and conditions in return for productivity improvements is a recipe for future prosperity. Something is clearly starting to change here.

While the national mood is clearly and rightly pessimistic, there are some grounds for optimism. Remember that 2022 turned out to be nothing like the way it was forecasted to be a year ago. It wouldn't be a surprise if 2023 confounds forecasts too.

Neil Rogan
Chairman
28 February 2023

Investment Manager's Report

The portfolio underperformed the FTSE All-Share Index (the "Benchmark") during the six months ended 31 December 2022 leading to the NAV per Ordinary share rising by 4.0% compared to an increase in the Benchmark of 5.1% (both figures calculated on a total return basis).

From a style perspective the portfolio's Quality bias continued to be a headwind to performance (albeit to a lesser extent than during the first half of the calendar year) as the Value factor outperformed. In sector terms, the portfolio's underweight position in the Communication Services sector and overweight exposure to the Information Technology sector benefited performance. In contrast, the overweight positions in the Materials and Real Estate sectors detracted from relative performance. The holdings in Aveva, TotalEnergies and BHP were the most beneficial to relative returns while the holdings in Marshalls and Watkin Jones detracted the greatest, relatively. Not holding Vodafone and HSBC contributed positively to relative performance while not owning Glencore, Shell and Rio Tinto detracted from relative performance.

Three new holdings were purchased for the portfolio during the six months. The first purchase was the pharmaceutical company, Roche, which has a healthy balance sheet and a strong pipeline which we believe to be undervalued. The second new entrant was Games Workshop, the hobby miniatures company, which we see as a unique asset with strong quality credentials and an attractive dividend yield. The third purchase was LVMH, the European luxury goods company which offers strong long-term growth potential through its portfolio of well-known brands.

We increased exposure to a number of our existing holdings which we believe have high quality characteristics with attractive growth prospects at appealing valuations including Sage, Unilever, Kone, London Stock Exchange Group, Howden Joinery and Relx.

Ten holdings were sold during the period, of which three stocks were sold following takeover bids: Aveva, Euromoney and Countryside Partnerships (we continue to have a holding in the acquiror, Vistry). Concern around high levels of leverage and potential risk to dividends given rising discount rates and higher interest charges resulted in the sales of Sirius Real Estate, Assura and Unite Group in the real estate sector. The small holding in Watkin Jones was sold following a profit warning which led to a change in confidence in the company's business model and concern about the risk of further downgrades. The residual position in Haleon, the consumer healthcare business which was spun-out from GSK, was exited. Finally, the small positions in Bodycote and Weir were sold given more attractive opportunities.

We reduced the exposure to a number of holdings where we have higher conviction in other names in their respective sectors including Ashmore and Nestlé. The holding in AstraZeneca was reduced in order to manage its increasingly large weight in the portfolio.

We continued our measured option-writing programme which is based on our fundamental analysis of holdings in the portfolio. We believe that the option-writing strategy, which we have now employed for over 10 years, is of benefit to the Company by diversifying and modestly increasing the level of income generated and providing headroom to invest in companies with lower starting yields but better dividend and capital growth prospects.

One of the tenets of our investment philosophy is the belief that over the long term in order to grow dividends a company needs to grow its earnings and that high quality companies are best placed to do that. We believe that the portfolio is very well positioned to do just this. Looking at the portfolio from a quantitative perspective at the end of the period, typical measures of portfolio quality such as returns measures and earnings stability were high in absolute terms and considerably better than the Benchmark (for example, in aggregate, the return on equity and return on assets of the portfolio holdings was 24.1% and 8.2% respectively, compared to the Benchmark at 17.0% and 5.7% respectively). Furthermore, the portfolio generates a dividend yield above the Benchmark. At 31 December 2022, the portfolio traded on a P/E multiple of 13.8x compared to the Benchmark on 11.8x: a little more expensive but to our minds a small price to pay for a considerably better quality portfolio and one still very attractively valued in absolute terms.

Environmental, Social and Governance ("ESG")

ESG engagement issues are addressed as part of our regular meetings with management. However, we also engage on a variety of specific issues outside our regular meetings cycle. It should be noted that given the quality threshold inherent in the portfolio, these meetings are rarely about issues for which we hold significant concerns. To provide a couple of examples of our engagement during the period;. firstly, we met with Nordea to discuss their targets for green lending and reducing financed carbon emissions in their lending portfolio. Nordea appear well placed to benefit from the rise in green bonds and are on a positive trajectory towards achieving their climate targets; and, secondly, we conducted a meeting with London Stock Exchange Group ("LSEG") to discuss the company's approach to human capital management in the context of the large acquisition of Refinitiv and a competitive market for technology talent. We think LSEG are managing these challenges well.

Market and Economic Background

The UK equity market rose by 5.1% on a total return basis over the six month period. The period was characterised by high levels of inflation, monetary policy tightening and concerns about a potential recession. Sentiment towards the outlook ebbed and flowed at times with strong corporate earnings providing some comfort and some optimism that central banks would slow the pace of rate hikes, contrasted with periods of growing fears about recession risks.

Performance at a sector level was mixed. Mining and oil and gas companies performed well but telecommunications, media and real estate companies struggled. The FTSE100 Index outperformed the more domestically focused FTSE250 Index over the period.

Domestic economic data was generally weak. UK GDP was unchanged in the fourth quarter of 2022 following a decline of 0.2% in the third quarter. The UK is the only Group of Seven ("G7") country not to fully recover output lost during the Covid-19 pandemic with the economy 0.8% smaller than at the end of 2019. Consumer confidence was reported to be at its lowest level since records began in 1974. Conversely, employment data generally continued to be strong given the shortage of labour.

Inflation continued to be high with the Consumer Prices Index reaching 11.1% in October, the highest level in more than four decades. The government announced caps to household energy bills for the next two years. Widespread strike action towards the end of 2022 weighed on sectors including transport, health, education, and postal services. The Bank of England ("BoE") acted to control inflation by raising interest rates multiple times over the period, with the policy rate ending the year at 3.5% (and subsequently has been increased to 4.0%).

Political uncertainty was elevated as Prime Minister Johnson announced his resignation. The impact of fiscal policy on markets was heightened when the new Chancellor Kwarteng's mini-budget, announcing widespread tax cuts, sparked a wave of selling of UK gilts and a substantial weakening of the pound. The BoE launched emergency measures to stabilise markets, delaying a planned gilt sale and instead committing to buy more gilts. UK government bond prices rose and the pound recovered somewhat as first Chancellor Kwarteng and then Prime Minister Truss resigned and many of their previously announced tax cuts were reversed.

Circumstances overseas also had an impact on the UK equity market. Towards the end of the period, signs that China would move away from their zero-covid policy was taken positively for stocks with exposure to the Chinese economy, including miners. Energy prices continued to be elevated compared to historic averages due to the impact of the Russian invasion of Ukraine on energy markets, which led to the energy sector outperforming.

Outlook

We expect the multiple headwinds facing the global economy – rate hikes, elevated energy costs and the continued impact of Covid-19 – to lead to challenging conditions in 2023. Uncertainties remain around the potential depth and severity of an economic downturn. For the UK, we currently forecast GDP to decline by 1.3% in 2023. We expect the BoE to continue to act to control inflation. For 2023, the Manager's economists expect one more 0.50% rate increase from the BoE, which would see rates reach 4.5% in the spring. Given the recessionary outlook they then foresee a sharp cutting cycle resulting in base rates ending 2023 at 2.5%.

Although the backdrop may be challenging, we are optimistic about the outlook for the holdings in the portfolio. The portfolio is jam-packed with high quality, predominantly global businesses capable of delivering appealing long-term earnings and dividend growth at a modest aggregate valuation. In more difficult times it is those companies which can demonstrate pricing power and resilience, benefit from their robust balance sheets and are led by experienced management teams that are able to emerge stronger – ultimately this will be recognised in their valuations. That these companies are predominantly listed in the UK, a market that remains attractive on a relative, absolute and cyclically-adjusted basis, is doubly appealing. Therefore, we feel very comfortable maintaining our focus on excellent quality highly profitable businesses capable of delivering sustainable earnings and dividend growth over the long term.

Charles Luke and Iain Pyle,
abrdn Investments Limited
Investment Manager
28 February 2023

Ten Largest Investments

As at 31 December 2022

AstraZeneca

AstraZeneca researches, develops, produces and markets pharmaceutical products. With a significant focus on oncology and rare diseases the company offers appealing growth potential over the medium term.

Diageo

Diageo produces, distills and markets alcoholic beverages including vodkas, whiskies, tequilas, gins and beer. The company should benefit from attractive long term drivers such as population and income growth, and premiumisation. The company has a variety of very strong brands and faces very limited private label competition.

Unilever

Unilever is a global consumer goods company supplying food, home and personal care products. The company has a portfolio of strong brands including Dove, Knorr, Axe and Persil. Over half of the company's sales are to developing and emerging markets.

Relx

Relx is a global provider of information and analytics for professionals and businesses across a number of industries including scientific, technical, medical and law. The company offers resilient earnings combined with long term structural growth opportunities.

TotalEnergies

TotalEnergies is a broad energy company that produces and markets fuels, natural gas and electricity. It is a leader in the sector's energy transition with an attractive pipeline of renewable assets.

BHP Group

BHP Group (formerly BHP Billiton) is a diversified resources group with a global portfolio of high quality assets particularly iron ore and copper. The company combines an appealing dividend yield combined with a strong balance sheet.

SSE

SSE is a utility company mostly focused on networks and renewables. The path to net zero will require significant investment in distribution networks and the company should also benefit from its strong position in offshore wind generation.

Anglo American

Anglo American is a diversified mining company with appealing exposure to future-facing commodities such as copper and platinum group metals. The company offers attractive growth prospects coupled with a strong balance sheet and generous dividend yield.

BP

BP is a fully integrated energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. We believe the industry is currently in a sweetspot with rising prices and benign costs. The company provides an attractive dividend yield and is well placed for the energy transition.

Standard Chartered

Standard Chartered is an international banking group offering a broad mix of services, primarily in emerging markets. The startegy is focused on creating a higher quality business, growing with end markets while controlling costs leading to improving returns.

Investment Portfolio

As at 31 December 2022

Investment	Sector	Country	Valuation £'000	Total investments %
AstraZeneca	Pharmaceuticals and Biotechnology	UK	69,196	6.3
Diageo	Beverages	UK	57,207	5.2
Unilever	Personal Care, Drug and Grocery Stores	UK	54,457	4.9
RELX	Media	UK	49,444	4.5
TotalEnergies	Oil, Gas and Coal	France	45,007	4.1
BHP	Industrial Metals and Mining	UK	40,669	3.7
SSE	Electricity	UK	37,524	3.4
Anglo American	Industrial Metals and Mining	UK	36,290	3.3
BP	Oil, Gas and Coal	UK	33,557	3.1
Standard Chartered	Banks	UK	29,655	2.7
Top ten investments			453,006	41.2
Experian	Industrial Support Services	UK	27,342	2.5
Inchcape	Industrial Support Services	UK	27,314	2.5
London Stock Exchange	Finance and Credit Services	UK	25,237	2.3
Coca-Cola HBC	Beverages	UK	25,004	2.3
Sage	Software and Computer Services	UK	24,203	2.2
Safestore	Real Estate Investment Trusts	UK	23,955	2.2
National Grid	Gas, Water and Multi-utilities	UK	23,166	2.1
Novo-Nordisk	Pharmaceuticals and Biotechnology	Denmark	22,565	2.0
Close Brothers	Banks	UK	22,329	2.0
Rentokil Initial	Industrial Support Services	UK	22,090	2.0
Top twenty investments			696,211	63.3
Croda International	Chemicals	UK	18,767	1.7
Convatec	Medical Equipment and Services	UK	17,648	1.6
Howden Joinery	Retailers	UK	17,621	1.6
Nordea Bank	Banks	Sweden	17,401	1.6
Intermediate Capital	Investment Banking and Brokerage Services	UK	17,328	1.6
M&G	Investment Banking and Brokerage Services	UK	17,093	1.5
Oversea-Chinese Banking	Banks	Singapore	16,617	1.5
Direct Line Insurance	Non-life Insurance	UK	15,373	1.4
Drax	Electricity	UK	15,190	1.4
OSB	Finance and Credit Services	UK	14,469	1.3
Top thirty investments			863,718	78.5

Investment Portfolio

Continued

As at 31 December 2022

Investment	Sector	Country	Valuation £'000	Total investments %
Vistry	Household Goods and Home Construction	UK	14,390	1.3
Kone	Industrial Engineering	Finland	14,207	1.3
Hiscox	Non-life Insurance	UK	13,978	1.3
Microsoft	Software and Computer Services	United States	13,307	1.2
GSK	Pharmaceuticals and Biotechnology	UK	13,073	1.2
Smith & Nephew	Medical Equipment and Services	UK	12,312	1.1
LVMH	Personal Goods	France	11,501	1.0
Nestlé	Food Producers	Switzerland	11,146	1.0
Oxford Instruments	Electronic and Electrical Equipment	UK	10,916	1.0
Mondi	General Industrials	UK	10,875	1.0
Top forty investments			989,423	89.9
Roche	Pharmaceuticals and Biotechnology	Switzerland	10,765	1.0
RS	Industrial Support Services	UK	10,332	1.0
Games Workshop	Leisure Goods	UK	10,153	0.9
Marshalls	Construction and Materials	UK	9,968	0.9
Telenor	Telecommunications Service Providers	Norway	9,020	0.8
VAT	Electronic and Electrical Equipment	Switzerland	8,694	0.8
Chesnara	Life Insurance	UK	7,482	0.7
Genuit	Construction and Materials	UK	7,475	0.7
Industrials REIT	Real Estate Investment Trusts	UK	6,760	0.6
Dechra Pharmaceuticals	Pharmaceuticals and Biotechnology	UK	6,694	0.6
Top fifty investments			1,076,766	97.9
Mowi	Food Producers	Norway	5,923	0.5
XP Power	Electronic and Electrical Equipment	UK	5,560	0.5
Accton Technology	Telecommunications Equipment	Taiwan	5,074	0.5
Moonpig	Retailers	UK	4,362	0.4
Ashmore	Investment Banking and Brokerage Services	UK	2,452	0.2
Total investments (55)			1,100,137	100.0

All investments are in ordinary shares.

Investment Case Studies

Games Workshop

Games Workshop, with a market capitalisation of approximately £3bn, was introduced to the portfolio in the period under review. The unique mid-cap company has very strong intellectual property through its fantasy wargame Warhammer series. The company designs, manufactures, distributes and sells high quality miniatures and related products via retail, trade and online channels. Around three-quarters of sales are outside the UK with significant growth opportunities in the United States and Asia. There are also opportunities to grow outside the core table-top product, for example in computer games and television and the company recently announced it would work with Amazon to develop film and television productions. High customer loyalty and strong IP means the business model has high margins, generating very high returns on capital employed. The company has no debt and an attractive dividend yield.

LVMH

LVMH, the Paris-listed luxury goods company, was added to the portfolio in the period under review. The company has an approximate market capitalisation of €400bn and the holding provides the portfolio with exposure to a market segment that is difficult to access through companies listed in the UK. The company has a wide selection of best-in-class brands across divisions including Fashion & Leather Goods (for example Louis Vuitton, Dior, Fendi, Marc Jacobs), Wines & Spirits (for example, Moet Hennessey, Krug, Dom Perignon, Glenmorangie), Perfumes & Cosmetics and Watches & Jewellery. LVMH demonstrates very strong financial quality characteristics with pricing power, high gross and operating margins, strong cashflows and a robust balance sheet, and is known for taking a long-term perspective on investment. The dividend yield is relatively modest but we see good scope for strong long-term dividend growth.

Interim Board Report

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties which it has identified, together with the delegated controls it has established to manage the risks and address the uncertainties. These are considered to be unchanged as at 31 December 2022, as compared to 30 June 2022, other than in relation to the Board's perception of heightened interest rate risk and geopolitical uncertainty, noting the potential volatility associated with the conflict in Ukraine, which the Board anticipates will persist over the six months to 30 June 2023. The principal risks and uncertainties are set out in detail on pages 16 to 19 of the Company's Annual Report for the year ended 30 June 2022 ("Annual Report 2022") which is available on the Company's website. The Annual Report 2022 also contains, in note 18 to the Financial Statements, an explanation of other risks relating to the Company's investment activities, specifically market risk, liquidity risk and credit risk, and a note of how these risks are managed.

Related Party Transactions

Under Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors as related parties. No other related parties have been identified. There have been no related party transactions that have had a material effect on the financial position of the Company.

Going Concern

The factors which have an impact on the Company's status as a going concern are set out in the Going Concern section of the Directors' Report on page 42 of the Annual Report 2022. As at 31 December 2022, there had been no material changes to these factors.

The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with covenants associated with the Senior Loan Notes and bank facilities. As at 31 December 2022, in addition to the £40m 10 year Senior Loan Notes 2027 and £60m 10 year Senior Loan Notes 2029, £6.7m of the Company's three-year £50m multi-currency revolving bank credit facility (the "Facility") was drawn down. On the expiry of the Facility in October 2024, the Company would expect to continue to access a credit facility. However, should acceptable terms for a new credit facility not be forthcoming at that time, any outstanding borrowing will be repaid through the proceeds of equity sales.

The Directors are mindful of the principal risks and uncertainties disclosed above and, having reviewed forecasts detailing revenue and liabilities, they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the Financial Statements.

US Executive Order No. 14032

The Board confirms that the Company has not and does not intend to invest in any of the companies designated as "Chinese Military-Industrial Complex Companies" by the US Executive Order No. 14032.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- the Half-Yearly Board Report includes a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the Half-Yearly Board Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half-Yearly Financial Report for the six months ended 31 December 2022 comprises the Half-Yearly Board Report, the Directors' Responsibility Statement and the condensed set of Financial Statements.

For and on behalf of the Board
Neil Rogan,
Chairman
28 February 2023

Condensed Statement of Comprehensive Income (unaudited)

		Six months ended 31 December 2022			Six months ended 31 December 2021		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	22,014	22,014	–	59,821	59,821
Currency gains/(losses)		–	626	626	–	(19)	(19)
Income	2	20,869	–	20,869	22,562	–	22,562
Investment management fees	4, 13	(566)	(1,321)	(1,887)	(611)	(1,425)	(2,036)
Administrative expenses		(718)	–	(718)	(748)	–	(748)
Net return before finance costs and taxation		19,585	21,319	40,904	21,203	58,377	79,580
Finance costs		(359)	(837)	(1,196)	(344)	(802)	(1,146)
Net return before taxation		19,226	20,482	39,708	20,859	57,575	78,434
Taxation	5	(259)	–	(259)	(130)	–	(130)
Net return after taxation		18,967	20,482	39,449	20,729	57,575	78,304
Return per Ordinary share	6	16.3p	17.6p	33.9p	17.7p	49.2p	66.9p

The total column of this statement represents the profit and loss account of the Company prepared in accordance with FRS 102. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued in the period.

The accompanying notes are an integral part of the condensed financial statements.

Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 December 2022 £'000	As at 30 June 2022 £'000
Fixed assets			
Investments at fair value through profit or loss		**1,100,137**	1,098,793
Current assets			
Other debtors and receivables		**5,345**	9,061
Cash and cash equivalents		**30,859**	20,131
		36,204	29,192
Creditors: amounts falling due within one year			
Derivative financial instruments		**(1,372)**	–
Other payables		**(1,585)**	(1,513)
Bank loans	7	**(6,665)**	(6,507)
		(9,622)	(8,020)
Net current assets		**26,582**	21,172
Total assets less current liabilities		**1,126,719**	1,119,965
Creditors: amounts falling due after one year			
2.51% Senior Loan Notes 2027	7	**(39,935)**	(39,930)
4.37% Senior Loan Notes 2029	7	**(69,990)**	(70,780)
		(109,925)	(110,710)
Net assets		**1,016,794**	1,009,255
Capital and reserves			
Share capital	8	**29,882**	29,882
Share premium account		**438,213**	438,213
Capital redemption reserve		**4,997**	4,997
Capital reserve		**513,858**	502,672
Revenue reserve		**29,844**	33,491
Total Shareholders' funds		**1,016,794**	1,009,255
Net asset value per Ordinary share	9		
Debt at par value		**880.2p**	864.9p

The accompanying notes are an integral part of the condensed financial statements.

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 December 2022

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2022	29,882	438,213	4,997	502,672	33,491	1,009,255
Net return after tax	–	–	–	20,482	18,967	39,449
Buyback of shares	–	–	–	(9,296)	–	(9,296)
Dividends paid (note 3)	–	–	–	–	(22,614)	(22,614)
Balance at 31 December 2022	29,882	438,213	4,997	513,858	29,844	1,016,794

Six months ended 31 December 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2021	29,882	438,213	4,997	594,282	26,485	1,093,859
Net return after tax	–	–	–	57,575	20,729	78,304
Buyback of shares	–	–	–	(3,075)	–	(3,075)
Dividends paid (note 3)	–	–	–	–	(21,053)	(21,053)
Balance at 31 December 2021	29,882	438,213	4,997	648,782	26,161	1,148,035

The accompanying notes are an integral part of the condensed financial statements.

Condensed Statement of Cash Flows (unaudited)

	Notes	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
Operating activities			
Net return before finance costs and taxation		**40,904**	79,580
Increase in accrued expenses		**1,114**	445
Overseas withholding tax		**(244)**	(648)
Dividend income		**(19,333)**	(21,566)
Dividends received		**20,933**	22,382
Interest income		**(330)**	(92)
Interest received		**283**	92
Interest paid		**(1,177)**	(1,131)
Gains on investments		**(22,014)**	(59,821)
Amortisation on Loan Notes		**(785)**	(784)
Foreign exchange (gains)/losses		**(626)**	19
Increase in other debtors		**(342)**	(165)
Stock dividends included in investment income		**–**	(2,696)
Net cash inflow from operating activities		**18,383**	15,615
Investing activities			
Purchases of investments		**(112,528)**	(95,243)
Sales of investments		**135,999**	116,577
Net cash inflow from investing activities		**23,471**	21,334
Financing activities			
Dividends paid	3	**(22,614)**	(21,053)
Buyback of Ordinary shares for treasury	8	**(9,296)**	(3,034)
Repayment of bank loans		**(6,755)**	(6,290)
Drawdown of bank loans		**6,664**	6,258
Net cash outflow from financing activities		**(32,001)**	(24,119)
Increase in cash		**9,853**	12,830
Analysis of changes in cash during the period			
Opening balance		**20,131**	4,493
Effect of exchange rate fluctuations on cash held		**875**	29
Increase in cash as above		**9,853**	12,830
Closing balance		**30,859**	17,352

The accompanying notes are an integral part of the condensed financial statements.

Notes to the Financial Statements

For the year ended 31 December 2022

1. Accounting policies

Basis of preparation. The condensed financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The condensed financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

2. Income

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
Investment income		
UK dividends	**15,006**	14,927
Overseas dividends	**3,693**	3,698
Property income dividends	**634**	245
Stock dividends	**–**	2,696
	19,333	21,566
Other income		
Deposit interest	**13**	–
Money Market interest	**318**	–
Traded option premiums	**1,205**	996
	1,536	996
Total income	**20,869**	22,562

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3. Dividends

Dividends paid on Ordinary shares deducted from the revenue reserve:

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
2021 fourth interim dividend – 9.75p	**–**	11,412
2022 first interim dividend – 8.25p	**–**	9,641
2022 fourth interim dividend – 11.25p	**13,127**	–
2023 first interim dividend – 8.25p	**9,556**	–
Return of unclaimed dividends	**(69)**	–
	22,614	21,053

The first interim dividend for 2023 of 8.25p (2022 – 8.25p) was paid on 15 December 2022 to shareholders on the register on 18 November 2022. The ex-dividend date was 17 November 2022.

A second interim dividend for 2023 of 8.25p (2022 – 8.25p) will be paid on 16 March 2023 to shareholders on the register on 17 February 2023. The ex-dividend date is 16 February 2023.

A third interim dividend for 2023 of 8.25p (2022 – 8.25p) will be paid on 15 June 2023 to shareholders on the register on 19 May 2023. The ex-dividend date is 18 May 2023.

4. Management fee and finance costs

The management fee is as reported in the 2022 Annual Report, being a tiered fee based on net assets and calculated as follows:

Fee rate per annum	Net assets	£'million
0.55%	up to	350
0.45%	within the range	350-450
0.25%	greater than	450

The management fee and finance costs are charged 30% to revenue and 70% to capital.

5. Taxation

The expense for taxation reflected in the Condensed Statement of Comprehensive Income is based on the estimated annual tax rate expected for the full financial year. The estimated annual corporation tax rate used for the year to 30 June 2023 is an effective rate of 19% (2022 – 19%) until 31 March 2023 and 25% thereafter.

During the period the Company suffered withholding tax on overseas dividend income of £259,000 (31 December 2021 – £130,000).

6. Return per Ordinary share

	Six months ended 31 December 2022		Six months ended 31 December 2021	
	£'000	p	£'000	p
Revenue return	**18,967**	**16.3**	20,729	17.7
Capital return	**20,482**	**17.6**	57,575	49.2
Total return	**39,449**	**33.9**	78,304	66.9

Weighted average number of Ordinary shares in issue	**116,250,589**	116,964,663

7. Senior Loan Notes and bank loans

Senior Loan Notes

The Company has in issue:

(i) £40,000,000 of 10 year Senior Loan Notes at a fixed rate of 2.51%, redeemable at par on 8 November 2027;

(ii) £60,000,000 of 15 year Senior Loan Notes at a fixed rate of 4.37% redeemable at par on 8 May 2029.

The Loan Notes rank pari passu and are secured by floating charges over the whole of the assets of the Company and pay interest in half yearly instalments in May and November. The Company has complied with both Note Purchase Agreements: that the ratio of net assets to gross borrowings must be greater than 3.5:1 and that net assets must not be less than £550,000,000.

The fair value of the Loan Notes is shown in note 9. The fair value of the 2.51% Loan Notes is calculated by aggregating the expected future cash flows discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time. The fair value of the 4.37% Loan Notes is based on a comparable quoted debt security and their amortisation is presented as a finance cost, split 70% to capital and 30% to revenue.

Notes to the Financial Statements

Continued

	31 December 2022 £'000	30 June 2022 £'000
2.51% Senior Loan Notes	**40,000**	40,000
Unamortised 2.51% Senior Loan Notes issue expenses	**(65)**	(70)
4.37% Senior Loan Notes at fair value	**73,344**	73,344
Amortisation of 4.37% Senior Loan Note	**(3,354)**	(2,564)
	109,925	110,710

Bank loans

The Company has a three year £50 million multi-currency unsecured revolving bank credit facility with Bank of Nova Scotia Limited, committed until 27 October 2024. At the period end the Company had drawn down the facility as shown below:

	31 December 2022			30 June 2022		
	Rate	Currency	£'000	Rate	Currency	£'000
Euro	**2.82%**	**3,300,000**	**2,928**	1.15%	2,326,000	2,002
Swiss Franc	**1.80%**	**1,200,000**	**1,078**	1.35%	2,500,000	2,150
US Dollar	**5.14%**	**1,570,000**	**1,305**	2.70%	768,000	633
Danish Krona	**3.08%**	**6,850,000**	**817**	1.15%	5,410,000	626
Norwegian Krone	**4.40%**	**6,360,000**	**537**	2.59%	13,145,000	1,096
			6,665			6,507

8. Share capital

	Six months ended 31 December 2022	Year ended 30 June 2022
Ordinary shares of 25p each: publicly held		
Opening balance	**116,690,472**	117,046,487
Buyback of shares for treasury	**(1,168,091)**	(356,015)
	115,522,381	116,690,472
Ordinary shares of 25p each; held in treasury		
Opening balance	**2,839,060**	2,483,045
Buyback of shares for treasury	**1,168,091**	356,015
	4,007,151	2,839,060
Total issued share capital	**119,529,532**	119,529,532

During the period 1,168,091 Ordinary shares were bought back for treasury at a cost of £9,296,000. As at the date of signing this report a further 1,559,380 shares have been bought back at a cost of £13,565,000.

9. Net asset value per Ordinary share

The net asset value and the net asset value attributable to the Ordinary shares at the end of the period follow. These were calculated using 115,522,381 (30 June 2022 – 116,690,472) Ordinary shares in issue at the period end (excluding treasury shares).

	31 December 2022		30 June 2022	
	£'000	Net Asset Value Attributable pence	£'000	Net Asset Value Attributable pence
Net asset value – debt at par	**1,016,794**	**880.2**	1,009,255	864.9
Add: amortised cost of 2.51% Senior Loan Notes	**39,935**	**34.5**	39,930	34.1
Less: fair value of 2.51% Senior Loan Notes	**(39,518)**	**(34.2)**	(39,725)	(33.9)
Add: amortised cost of 4.37% Senior Loan Notes	**69,990**	**60.6**	70,780	60.5
Less: fair value of 4.37% Senior Loan Notes	**(58,765)**	**(50.9)**	(63,905)	(54.6)
Net asset value – debt at fair value	**1,028,436**	**890.2**	1,016,335	871.0

Notes to the Financial Statements

Continued

10. Transaction costs

During the period, expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
Purchases[A]	**479**	315
Sales[A]	**82**	58
	561	373

[A] Costs associated with the purchases and sale of portfolio investments in the normal course of the Company's business comprising stamp duty, financial transaction taxes and brokerage.

11. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 December 2022	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	**1,100,137**	**–**	**–**	**1,100,137**
Financial liabilities at fair value through profit or loss					
Derivatives	b)	**(992)**	**(380)**	**–**	**(1,372)**
Net fair value		**1,099,145**	**(380)**	**–**	**1,098,765**

As at 30 June 2022	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,098,793	–	–	1,098,793
Net fair value		1,098,793	–	–	1,098,793

a) **Quoted equities.** The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) **Derivatives.** The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis and therefore has been included in Fair Value Level 1.

The fair value of the Company's investments in Over the Counter Options (where the underlying equities are also held) has been determined using observable market inputs other than quoted prices of the underlying equities (which are included within Fair Value Level 1) and therefore determined as Fair Value Level 2.

The fair value of the 2.51% Senior Loan Notes have been calculated as £39,518,000 (30 June 2022 – £39,725,000), determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time, compared to carrying amortised cost of £39,935,000 (30 June 2022 – £39,930,000).

The fair value of the 4.37% Senior Loan Notes, have been calculated as £58,765,000 (30 June 2022 – £63,905,000), the value being based on a comparable debt security, compared to carrying amortised cost of £69,990,000 (30 June 2022 – £70,780,000).

All other financial assets and liabilities of the Company are included in the Condensed Statement of Financial Position at their book value which in the opinion of the Directors is not materially different from their fair value.

12. Analysis of changes in net debt

	At 30 June 2022 £000	Currency differences £000	Cash flows £000	Non-cash movements £000	At 31 December 2022 £000
Cash and cash equivalents	**20,131**	**875**	**9,853**	**–**	**30,859**
Debt due within one year	**(6,507)**	**(249)**	**91**	**–**	**(6,665)**
Debt due after one year	**(110,710)**	**–**	**–**	**785**	**(109,925)**
Total	**(97,086)**	**626**	**9,944**	**785**	**(85,731)**

	At 30 June 2021 £000	Currency differences £000	Cash flows £000	Non-cash movements £000	At 31 December 2021 £000
Cash and cash equivalents	4,493	29	12,830	–	17,352
Debt due within one year	(6,241)	(48)	32	–	(6,257)
Debt due after one year	(112,279)	–	–	784	(111,495)
	(114,027)	(19)	12,862	784	(100,400)

13. Transactions with the Manager

The Company has delegated the provision of investment management, secretarial, accounting and administration and promotional services to the Manager.

The amounts charged excluding VAT for the period are set out below:

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
Management fees	**1,887**	2,036
Promotional activities	**200**	200
Secretarial fees	**38**	38
	2,125	2,274

The amounts payable excluding VAT at the period end are set out below:

	Six months ended 31 December 2022 £'000	Six months ended 31 December 2021 £'000
Management fees	635	675
Promotional activities	100	100
Secretarial fees	19	19
	754	794

No fees are charged in the case of investments managed or advised by the abrdn Group. There were no commonly managed funds held in the portfolio during the six months to 31 December 2022 (2021 – none). The management agreement may be terminated by either party on the expiry of three months written notice. On termination the Manager would be entitled to receive fees which would otherwise have been due up to that date.

14. Segmental information

The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided.

15. The financial information in this report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 30 June 2022 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and contained no statement under Section 498 of the Companies Act 2006.

16. This Half-Yearly Financial Report was approved by the Board on 28 February 2023.

Alternative Performance Measures ("APMs")

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are reviewed as particularly relevant for closed-end investment companies.

Discount to net asset value per Ordinary share

The discount is the amount by which the share price is lower than the net asset value per share, expressed as a percentage of the net asset value.

		31 December 2022	30 June 2022
NAV per Ordinary share (p)	a	**880.2p**	864.9p
Share price (p)	b	**844.0p**	832.0p
Discount	(b-a)/a	**4.1%**	3.8%

Dividend yield

The annual dividend per Ordinary share divided by the share price, expressed as a percentage.

		31 December 2022	30 June 2022
Dividends per share (p)	a	**36.00p**	36.00p
Share price (p)	b	**844.0p**	832.0p
Dividend yield	a/b	**4.3%**	4.3%

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents dividend by shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due to and from brokers at the year end as well as cash and cash equivalents.

		31 December 2022	30 June 2022
Borrowings (£'000)	a	**116,590**	117,217
Cash (£'000)	b	**30,859**	20,131
Amounts due to brokers (£'000)	c	**–**	–
Amounts due from brokers (£'000)	d	**–**	2,490
Shareholders' funds (£'000)	e	**1,016,794**	1,009,255
Net gearing	(a-b+c-d)/e	**8.4%**	9.4%

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values with debt at fair value published throughout the period. The ratio for 31 December 2022 is based on forecast ongoing charges for the year ending 30 June 2023.

		31 December 2022	30 June 2022
Investment management fees (£'000)	a	**3,783**	3,997
Administrative expenses (£'000)	b	**1,341**	1,350
Less: non-recurring charges[A] (£'000)	c	**(8)**	(30)
Ongoing charges (£'000)	a+b+c	**5,116**	5,317
Average net assets (£'000)	d	**1,024,717**	1,102,862
Ongoing charges ratio	(a+b+c)/d	**0.50%**	0.48%

[A] 31 December 2022 comprises £7,000 relating to legal fees and £1,000 relating to other professional services unlikely to recur. 30 June 2022 comprises £20,000 Directors recruitment fee, £8,000 for legal fees relating to the private placement notes and £2,000 for professional fees for Taiwan tax work.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations, which includes financing and transaction costs.

Total return

Total return is considered to be an alternative performance measure. Share price and NAV total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored against open-ended and closed-ended competitors, and the FTSE All-Share Index, respectively.

		Share price	NAV
Opening at 1 July 2022	a	**832.0p**	**864.9p**
Closing at 31 December 2022	b	**844.0p**	**880.2p**
Price movements	c=(b/a)-1	**1.4%**	**1.8%**
Dividend reinvestment[A]	d	**2.4%**	**2.2%**
Total return	c+d	**3.8%**	**4.0%**

[A] Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend.

Investor Information

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed abrdn Fund Managers Limited (the "Manager") as its alternative investment fund manager and BNP Paribas Trust Corporation UK Limited as its depositary under the AIFMD.

The AIFMD requires abrdn Fund Managers Limited, as the alternative investment fund manager of Murray Income Trust PLC (the "Company"), to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD which can be found on its website: **murray-income.co.uk**

Investor Warning - Be alert to share fraud and boiler room scams

abrdn has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for abrdn. abrdn has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for abrdn and any third party making such offers/claims has no link with abrdn.

abrdn does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: **fca.org.uk/consumers/scams**

Shareholder Enquiries

In the event of queries regarding holdings of shares, lost certificates, dividend payments, registered details, shareholders holding their shares in the Company directly should contact the registrar, Link Group (see Corporate Information). Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the registrar in writing.

Any general queries about the Company should be directed to the Company Secretaries in writing (see Corporate Information) or by email to: **cef.cosec@abrdn.com.**

For questions about an investment held through the abrdn Investment Plan for Children, Investment Trust Share Plan or Investment Trust Stocks and Shares ISA, please telephone the Manager's Customer Services Department on **0808 500 0040**, email **inv.trusts@abrdn.com** or write to abrdn Investment Trusts, PO Box 11020, Chelmsford Essex CM99 2DB.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £2,000 for the 2022/2023 tax year (2021/2022 - £2,000). Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

Individual investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, shares can be bought directly through the abrdn Investment Plan for Children, abrdn Share Plan or abrdn ISA, or through the many stockbroker platforms which offer the opportunity to acquire shares in investment companies

abrdn Investment Plan for Children

abrdn operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable. Selling costs are £10 + VAT.

There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn Share Plan

abrdn operates runs a Share Plan (the "Share Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Share Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn ISA

An investment of up to £20,000 can be made in an ISA in the 2022/2023 tax year.

The annual ISA administration charge for the abrdn ISA (the "ISA") is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

abrdn ISA Transfer

Investors may choose to transfer previous tax year investments to abrdn which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in the Children's Plan, Share Plan and ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Literature Request Service

For literature and application forms for abrdn Investment Trusts' products, please contact us through: **invtrusts.co.uk**, telephone the Manager's Customer Services Department on **0808 500 4000** or write to: abrdn Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Terms and Conditions

Terms and conditions for abrdn managed savings products can also be found under the Literature section of the Manager's website at: **invtrusts.co.uk.**

Keeping You Informed

Further information about the Company may be found on its dedicated website: **murray-income.co.uk.** This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Details are also available at: **invtrusts.co.uk.**

Twitter:

@abrdnTrusts

LinkedIn:

abrdn Investment Trusts

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Company's website.

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms.

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at **pimfa.co.uk**.

Investor Information

Continued

Financial advisers

To find an adviser on investment trusts, visit **unbiased.co.uk.**

Regulation of stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority at: **fca.org.uk/firms/financial-services-register**

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high and growing income combined with capital growth through investment in a portfolio principally of UK equities, and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, so that its Ordinary shares can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs").

The Company's shares are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are shares in an investment trust.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 30 to 32 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by abrdn Investments Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom

Corporate Information

Directors
Neil Rogan (Chairman)
Peter Tait (Senior Independent Director)
Stephanie Eastment (Chairman of the Audit Committee)
Alan Giles
Merryn Somerset Webb
Nandita Sahgal Tully

Company Secretaries, Registered Office and Company Number
abrdn Holdings Limited
1 George Street
Edinburgh EH2 2LL

Registered in Scotland under company number SC012725

Website
murray-income.co.uk

Email
murray.income@abrdn.com

abrdn Customer Services Department, Children's Plan, Share Plan and ISA Enquiries
abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: **0808 500 0040**
(open Monday to Friday, 9.00 a.m. to 5.00 p.m., excluding public holidays in England and Wales)

Email: **inv.trusts@abrdn.com**

Twitter :

@abrdnTrusts

LinkedIn:

abrdn Investment Trusts

Legal Entity Identifier ("LEI")
549300IRNFGVQIQHUI13

United States Internal Revenue Service FATCA Registration Number ("GIIN")
8Q8ZFE.99999.SL.826

Alternative Investment Fund Manager
abrdn Fund Managers Limited
280 Bishopsgate
London EC2M 4AG

Investment Manager
abrdn Investments Limited
10 Queens's Terrace
Aberdeen AB10 1XL

Registrar
The Share Portal, operated by Link Group, is a secure online website where shareholdings can be managed quickly and easily, including changing address or arranging to pay dividends directly into a bank account, or to receive electronic communications. To register, shareholders will need their Investor Code which may be found on their share certificate or by contacting the Registrar at: **signalshares.com**

Alternatively, please contact the Registrar –

By email, via the above website

By phone –

Tel: **0371 664 0300**
(UK calls cost 10p per minute plus network extras)

From overseas: **+44 208 639 3399**
(open Monday to Friday, from 9.00am to 5.30pm, excluding public holidays)

By post –
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Depositary
BNP Paribas Trust Corporation UK Limited

Auditor
PricewaterhouseCoopers LLP

Lawyer
Dickson Minto

Stockbroker
Investec Bank Limited

For more information visit **murray-income.co.uk**

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