



# Murray Income Trust PLC

Annual Report 30 June 2024

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

[abrdn.com](https://abrdn.com)





Founded in 1865, HSBC is one of the largest banking and financial services organisations in the world, with 41 million personal, wealth and corporate customers, operating from a strong capital base and through a diversified business model. HSBC was one of several new stocks purchased by the Company during the Year.

Front cover image: Looking East along the River Clyde in Glasgow, to the Clyde Arc and the Finnieston Crane

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Peter Tait, Chair

## Investment Objective

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

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# Performance Highlights

Net asset value total return<sup>ABC</sup>

**+9.9%**

2023: +8.8%

Share price total return<sup>AB</sup>

**+7.6%**

2023: +4.9%

Benchmark total return<sup>AD</sup>

**+13.0%**

2023: +7.9%

Ongoing charges<sup>B</sup>

**0.50%**

2023: 0.50%

Earnings per share (revenue)

**37.4p**

2023: 38.7p

Dividend per share

**38.50p**

2023: 37.50p

Discount to net asset value<sup>BC</sup>

**10.5%**

2023: 8.2%

Dividend yield<sup>B</sup>

**4.5%**

2023: 4.5%

<sup>A</sup> Total return as defined on page 102.

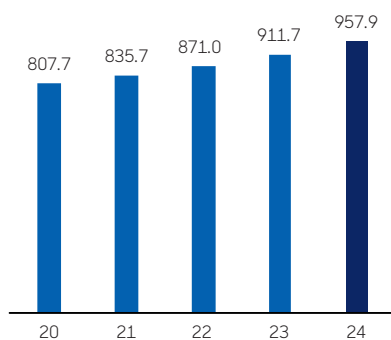
<sup>B</sup> Considered to be an Alternative Performance Measure. Further details can be found on pages 100 to 102.

<sup>C</sup> With debt at fair value.

<sup>D</sup> The Company's benchmark is the FTSE All-Share Index.

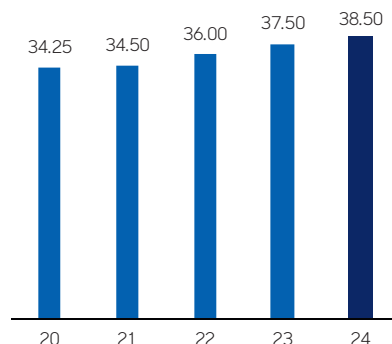
**Net Asset Value per share<sup>C</sup>**

At 30 June – pence



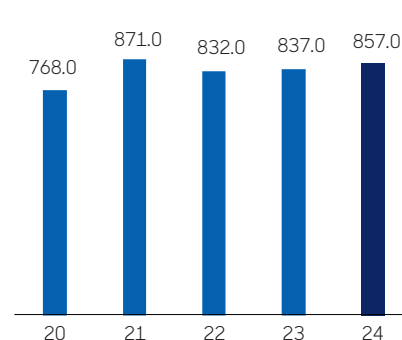
**Dividends per share**

Year ended 30 June – pence



**Mid-market price per share**

At 30 June – pence



# Strategic Report



Haleon, a stock held in the investment portfolio, is a world-leading consumer health company with category-leading brands including Panadol and Advil (pain relief), Sensodyne (oral health), Centrum (vitamins and minerals), Otrivine (respiratory) and Tums (digestive health). The company is well positioned to play a vital role for people all around the world, in a sector that is growing and more relevant than ever, reflecting longer-term demographic trends.

# Chair's Statement

## Highlights

- Annual dividend increased by 2.7%, the 51<sup>st</sup> year of consecutive growth.
- Investment management fee reduced to a competitive 0.35% for the first £1.1bn of the Company's net assets from 1 July 2024.
- Net Asset Value ("NAV")<sup>A,B</sup> total return of 9.9% for the Year.
- Share price<sup>A,B</sup> total return was 7.6% as the discount, calculated on a fair value NAV, widened from 8.2% to 10.5%.
- Over 7.0 million shares (6.3% of the total) bought back by the Company during the year ended 30 June 2024.

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details may be found on pages 100 to 102.

<sup>B</sup> With debt at fair value.

It has been a turbulent but positive period for world stock markets in the year ended 30 June 2024 (the "Year"). Global indices ended higher across the board with the MSCI World Index up 21.5% in Sterling terms. The UK's FTSE All-Share Index (the Company's Benchmark) ended the Year with a positive total return of 13.0%. One of the drivers for positive market returns was the fall in inflation across the major global economies.

In the UK, for example, the Consumer Prices Index fell from 6.8% to just 2.0% over the Year and was in line with the Bank of England inflation target for the first time in three years. UK food price inflation also fell to 2.5% in June, its lowest level since October 2021. The hoped-for corollary of subsiding inflation is the potential for interest rates to fall. As a leading indicator, the UK stock market has already risen modestly in anticipation of such a move, the first step of which occurred in early August, after the Year end, with a cut announced by the Bank of England, from 5.25% to 5.00%. Perhaps interest rates will not decline as far or as fast as had been anticipated at the start of the calendar year, but it does seem likely that they will end 2024 at a lower level.

## Investment Performance

Over the Year, the Company's NAV per share (with debt at fair value) rose 9.9% in total return terms, as compared to the Benchmark total return of 13.0%. The share price total return was 7.6% reflecting the discount widening from 8.2% to 10.5% (based on NAV with debt at fair value). Further details of the portfolio performance, including attribution, may be found in the Investment Manager's report on pages 9 and 10. Performance returns over the longer term are shown in the table below.

From 30 June 2024 to 12 September 2024, being the latest practicable date prior to approval of this Report, the NAV per share (with debt at fair value) returned 1.1% as compared to 2.0% for the FTSE All-Share Index (both figures on a total return basis). The share price total return was 0.7%, reflecting the discount widening from 10.5% to 11.0%.

## Dividend

The Board announced, on 30 July 2024, its 51<sup>st</sup> consecutive year of growing dividends. For the year ended 30 June 2024, the dividend increased from 37.5p to 38.5p per share, a rise of 2.7%. Revenue per share for the year was 37.4p, a slight decrease on last year's 38.7p. The Board understands that, whilst the short term outlook for dividends is complicated by the increasing use of share buybacks by certain listed companies, one of the positive features of investment companies is their ability to smooth distributions to shareholders. The Board is confident in keeping its dividend growing in future years as it possesses revenue reserves, as at 30 June 2024, equivalent to 55% of the current annual dividend.

	3 years ended 30 June 2024 (annualised)	5 years ended 30 June 2024 (annualised)	10 years ended 30 June 2024 (annualised)
Performance (total return)	%	%	%
Share price <sup>A,B</sup>	3.9	4.6	5.5
Net asset value per Ordinary share <sup>A,B,C</sup>	4.9	5.7	6.0
FTSE All-Share	7.4	5.5	5.9

Source: abrdn & Morningstar

<sup>A</sup> Total return as defined on page 102.

<sup>B</sup> Considered to be an Alternative Performance Measure. Further details may be found on pages 100 to 102.

<sup>C</sup> With debt at fair value.



The Association of Investment Companies (the "AIC") awards Dividend Hero status to investment trusts which have raised their annual dividend consecutively for twenty years or more. Maintaining that Dividend Hero status is a source of pride for the Board as it pursues its long term objective of a high and growing dividend income combined with capital growth from a diversified portfolio consisting primarily of UK equities.

## Discount and Share Buybacks

There has been turbulence in investment companies over the last 18 months or so, with discounts to NAV coming under pressure, particularly for those vehicles comprising less liquid assets. The UK equity income sector, despite the greater liquidity of its underlying stocks, was not immune from the overall trend as indicated by the widening of the Company's discount, as noted above.

One reason for the higher level of discounts in the UK equity sector has been a widespread lack of enthusiasm for UK equities over the past few years. UK funds, in general, have not seen any net monthly inflows since July 2021. Many reasons have been put forward for this, including the uncertainty caused by Brexit, then the Covid epidemic, not to mention the recent political uncertainty, with four UK Prime Ministers in the past five years. UK Defined Benefit pension schemes have also sharply reduced their exposure to UK equities over the past two decades. Part of the reason for widening discounts can also be put down to the underlying interest rate environment. When interest rates are high or rising, markets tend to trade in a 'risk-off' mode with limited enthusiasm overall, given the competing attractions of high interest paying deposit accounts. When interest rates start to fall, however, investors are more likely to be in 'risk-on' mode, looking for attractive opportunities as deposit rates fall. One such opportunity could be accessed through buying investment trusts at prices which represent higher than average discounts to net asset value.

Share buybacks across the investment trust sector are currently running at record levels. Total investment trust buybacks during 2023 amounted to £3.9bn. In the six months ended June 2024 alone, buybacks reached £3.7bn. At 30 June 2024, the average discount for investment companies, excluding 3i Group plc, stood at 15%. During the course of the Year, the Board has pursued a policy of buybacks in order to limit the volatility of the discount. The share buyback policy also aligns the views of the Board with that of shareholders in seeking to maintain an orderly market in the shares, enhance shareholder returns by buying shares at a discount and highlighting the overall value in being able to buy a good quality portfolio of liquid, readily tradable assets at a discount.

The Company bought back just over 7.0 million shares, 6.3% of the shares outstanding at the beginning of July 2023. This compares to a figure of 4.3% for the previous year. These shares were bought at an average discount of 8.9%, with a corresponding positive impact on the NAV total return of 0.6% over the Year. The shares bought back are kept in Treasury meaning there is the potential for them to be reissued should the Company return to a sustained premium to NAV in the future.

The Board monitors the discount level closely and will again be requesting shareholders' approval at the AGM to renew the Company's buyback and issuance powers. As at 30 June 2024, there were 104,685,001 (2023: 111,720,001) Ordinary 25p shares in issue with voting rights and 14,844,531 (2023: 7,809,531) shares held in Treasury. Between 1 July 2024 and 13 September 2024, the latest practicable date prior to approval of this Report, the Company bought back an additional 1,005,021 shares, resulting in 103,679,980 shares in issue, and a further 15,849,552 shares in Treasury.

## Gearing

The Company's net gearing was 9.1% at 30 June 2024 (2023: 10.3%) and the Board's policy towards gearing remained unchanged during the Year. The Company has in place £100 million of long term borrowings made up of £40m loan notes redeemable at par in November 2027 and £60 million loan notes redeemable at par in May 2029. These combined have a weighted interest cost of 3.6%.

## Reduction and Simplification of Investment Management Fees

The Board is pleased to report that it has reached agreement with the Manager to reduce and simplify its management fee. The new annual fee structure, back-dated to the start of the Company's financial year on 1 July 2024, will be simplified from three tiers to two tiers with 0.35% charged on the first £1.1bn of net assets, falling to 0.25% for net assets above that level. Until 30 June 2024, the annual management fee was 0.55% of the first £350m of net assets, 0.45% on net assets from £350m and £450m and 0.25% on any net assets in excess of £450m. The Board is confident that this is a competitive fee structure within the overall investment trust industry. For example, at its current size of approximately £1bn of net assets, the annual management fee of the Company would be 0.35% of net assets under the new basis as compared to 0.375% on the former basis, equivalent to a reduction of £250,000.

# Chair's Statement

## Continued

### Board Composition

Alan Giles, currently Senior Independent Director, has indicated that he will not seek re-election as a Director at the forthcoming Annual General Meeting ("AGM") and will retire from the Board at the conclusion of the meeting. Alan was appointed a Director following the merger between the Company and Perpetual Income and Growth Investment Trust plc in November 2020. The Board shall miss Alan's wise counsel and the considerable experience of listed companies which he brought to its deliberations. I, and the Board, wish him well in his future endeavours.

I am pleased to announce that Stephanie Eastment has agreed to become the Company's Senior Independent Director, replacing Alan, while Nandita Sahgal Tully will take over from Stephanie as Chair of the Audit Committee. As referenced in the Half-Yearly Report, Angus Franklin joined the Board as a non-executive director in January of this year following the retirement of previous Chair, Neil Rogan and fellow director, Merryn Somerset Webb.

The Board has commenced a search for a new Director, with a view to having someone in situ by the end of this calendar year or early 2025.

### Investment Process

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

### Investment People

abrdn is our appointed investment management company. Charles Luke has been our lead portfolio manager since 2006 and works alongside Co-Manager, Iain Pyle, and Rhona Millar, as members of the Manager's 39-strong Developed Markets Equities team.

### Sustainability and ESG

Sustainability and ESG (environmental, social and governance) continue to be at the top of UK's regulatory agenda. In April of this year, the FCA published its guidance on new anti-greenwashing rules which aim to protect consumers by ensuring that sustainable products and services are accurately described.

Whilst the Company does not have a sustainability objective and its investment policy does not have specific sustainability characteristics, ESG analysis is integrated into the Manager's investment process. The Board delegates the management of the portfolio to the Manager and endorses its approach to integrating ESG into portfolio construction and investee company engagement (further details can be found on pages 90 to 93).

### Overview

In addition to the significant widening of discounts across the investment trust sector, we have also witnessed unprecedented corporate actions and mergers over the past year with eight transactions completed and two more announced in 2024 to date. If discounts remain high, that trend is likely to continue. In some cases the activity is due to potential corporate buyers seeing the value in the underlying assets. In some cases, this is due to investment trust boards, themselves, reviewing their own policies, the overall trends in their sectors and the scope for greater liquidity and economies of scale through judicious merger.

On a longer term basis, however, despite all the turbulence, UK equities have returned 9.6% p.a. over the past 50 years. Crucially, about 40% of this return has derived from dividend income – highlighting the genuine attractions of long term income investing. This is especially important for shareholders in this Company. There remains significant demand for a reliable income stream from many investment trust shareholders, and Murray Income Trust is well placed to fulfil this with its current yield of 4.5% and its record of consistent dividend growth over more than half a century.

It is also the case, as observed by Charles Luke in his report (see page 8), that UK equities are cheap by international standards. Whilst few commentators would argue that there is good value in the UK equity market and in those investment trusts trading at higher than average discounts, there is still the question of what might be the catalyst to unlock that value. I mentioned above the impact that lower interest rates could have. I also make no bones about the fact that the UK Government can play a big role in creating the conditions for making the UK equity market a more attractive long-term place to invest. There are many initiatives which can be undertaken. I can report that I, as Chair of your Company, have written to Tulip Siddiq, the new Economic Secretary to the Treasury, urging her to reform the rules governing cost disclosures for investors. This is a somewhat arcane, technical issue, but the way in which costs are currently assessed and disclosed is a big disincentive for investors to invest in



investment trusts. Previous governments had promised reform since 2021, but no action has yet been taken. The new government can quickly and easily correct this misleading and discriminatory cost disclosure regime.

I also welcome the steps taken by the Government to encourage more companies to list on the UK stock exchange, by making the listing requirements more similar to those on the European and US stock exchanges. The new Chancellor, Rachel Reeves, wants to encourage more investment in British industry. Anything she can do to make it more attractive to invest in UK listed companies would be welcome. Given that it is unlikely that the Government will be pursuing the idea of a separate British ISA, it would still be worthwhile simplifying the existing range of different ISAs and an increase in the annual investment limit to £25,000 would also be welcome. Encouraging pension funds to invest a certain minimum percentage of their assets in the UK market might also be worth considering. Finally, and I realise that this is unlikely to be top of the Chancellor's agenda, a commitment to scrapping the 0.5% stamp duty charge on the purchase of UK shares would go a long way towards levelling the playing field against other major equity markets which do not impose such a charge.

A combination of some or all of these measures, together with the current relative undervaluation of UK equities could significantly help to make the UK market the natural home for many UK investors, particularly income investors, once again.

These are matters to which I may well return in the future as I think it important to speak out on issues which could be of great benefit to our shareholders over the medium to long term.

## Online Shareholder Presentation

The Company will hold an online shareholder presentation for shareholders and other interested parties at 11.00am on 17 October 2024. This will feature your Chair and Investment Manager discussing the outlook for the Company and answering your questions live. Further information on how to register for the online shareholder presentation may be found on the Company's website at <https://www.murray-income.co.uk/en-gb>

## Annual General Meeting

The Company will hold its AGM at 12.30 pm on Tuesday 5 November 2024 at Wallacespace Spitalfields, 15 Artillery Lane, London E1 7HA. One of the advantages of investing via investment trusts is that all shareholders have the opportunity to meet their Manager and the Directors at the AGM. This year's meeting will commence with a presentation on the Company and market outlook from Charles Luke. There will then be the formal part of the AGM where shareholders can ask questions about the AGM resolutions and thereafter cast their votes via a poll.

I always welcome questions from our shareholders at the AGM. Alternatively, shareholders may submit questions prior to the AGM by sending an email to:

[murray.income@abrdn.com](mailto:murray.income@abrdn.com).

Shareholders will find enclosed with this Annual Report an Invitation Card and Form of Proxy for use in relation to the AGM. Whether or not you propose to attend the AGM, shareholders are encouraged to complete the Form of Proxy, for which the latest date of receipt by the registrar is 12.30pm on 1 November 2024. Completion of a Form of Proxy does not prevent a shareholder from attending and voting in person at the AGM.

Shareholders who wish to attend and/or vote at the AGM and hold their shares via a platform will need to make arrangements with the administrator of their platform. Further details on how to attend and vote at company meetings for holders of shares via platforms can be found at: [www.theaic.co.uk/aic/how-to-vote-your-shares](http://www.theaic.co.uk/aic/how-to-vote-your-shares).

Shareholders wishing to attend the AGM and who are unsure how to register, can email [murray.income@abrdn.com](mailto:murray.income@abrdn.com).



**Peter Tait**

Chair

17 September 2024

# Investment Manager's Report

## Background

The UK equity market, as measured by the Benchmark FTSE All-Share Index, rose by 13.0% on a total return basis over the Year. Investor sentiment around the timing of central banks beginning interest rate cutting cycles continued to be a main driver of market performance. Optimism that interest rates across major economies had peaked began to build in November, leading to an equity market rally at the end of 2023. By the start of the new calendar year, that optimism wavered as central banks suggested rate cuts may come later than expected. This concern was especially prevalent in the UK when December inflation came in higher than expected, which led to the UK stock market ending January lower. By March, central banks in the US, Europe and UK opened the door for cuts in the near term which was a boost to markets and continued to lead to positive market performance through May. Global equities continued their rise in June, boosted by positive corporate results and falling inflation figures. US stock indices reached fresh highs with the technology sector particularly strong and the potential for Artificial Intelligence ("AI") driving sentiment. However, equity indices in the UK and Europe pulled back against a backdrop of elevated political uncertainty ahead of July's elections in the UK and France.

The UK economy fell into a technical recession in the second half of calendar 2023, when a 0.3% decline in GDP in the fourth quarter was the second sequential quarter of negative GDP growth. Since then, there have been signs of economic improvement in the first half of this calendar year with GDP expansion of 0.7% and 0.6% in the first and second quarters, respectively, helped by the strength in the services sector. The UK's unemployment rate fell to 4.2% in the three months to the end of June down from 4.4% in the previous quarter. Annual earnings growth, although above inflation, slowed to the lowest rate in almost two years in the three months to the end of June.

Inflation continued to decline over the Year, with the Consumer Prices Index ("CPI") falling from 6.8% in the twelve months to July 2023 to the Bank of England's ("BoE") target interest rate of 2% in May 2024, the lowest level in almost three years albeit subsequently the rate increased marginally to 2.2% in July.

Commentary from the BoE now anticipates inflation picking up modestly in the second half of 2024 but interest rates were cut by 0.25% to 5% in August and we still expect some further reductions later in the year.

These inflation trends have been similar in the US and the Eurozone. The US Federal Reserve has held rates flat since last summer while the European Central Bank began to cut rates in June. Economic data from the US has generally continued to be robust but with some recent signs of moderation in activity growth. Oil prices ended the Year moderately higher, rising strongly on OPEC production cuts and following the Israel-Hamas conflict, before falling back on concerns about slowing global growth and OPEC plans to unwind some production cuts in the second half of 2024.

Within the UK market, the more domestically focused FTSE 250 Index slightly outperformed the larger and more internationally exposed companies in the FTSE 100 Index. From a factor perspective, broadly-speaking, 'Value' stocks outperformed while the 'Growth' and 'Quality' factors underperformed, on a relative basis.

Most sectors of the UK equity market delivered a positive total return over the Year. The financials sector performed particularly strongly benefiting from the prospect of interest rates remaining higher for longer. Although a relatively small sector in the UK market, the technology sector displayed another year of strong performance mostly for individual stock specific reasons. In a continuation of the trend seen in the prior year, some of the more defensive areas of the market such as consumer staples, utilities and healthcare lagged the performance of a number of the more cyclical, economically sensitive areas of the market such as the industrials, energy and real estate sectors.

## Performance Attribution for the year ended 30 June 2024

	%
NAV per share total return (with debt at fair value)	+9.9
FTSE All- Share Index total return	+13.0
<b>Relative return</b>	<b>-3.1</b>
<b>Relative return</b>	
<b>Stock selection</b>	
Energy	-0.3
Basic Materials	-0.4
Industrials	-2.4
Health Care	+0.1
Consumer Staples	-0.6
Consumer Discretionary	+1.7
Telecommunications	+0.3
Utilities	-0.3
Technology	-0.1
Financials	-0.6
Real Estate	-0.4
<b>Total stock selection (equities)</b>	<b>-3.0</b>
<b>Asset allocation (equities)</b>	
Energy	-0.3
Industrials	+0.5
Health Care	-0.1
Consumer Staples	+0.3
Utilities	-0.2
Technology	+0.4
Financials	-0.1
<b>Total asset allocation (equities)</b>	<b>0.5</b>
Management fees	-0.4
Administrative expenses	-0.2
Cash and Options	-0.4
Tax	-0.2
Gearing – finance costs	+0.6
Difference between fair value and par value returns	-0.8
Share buybacks	+0.6
Residual effect	+0.2
<b>Total</b>	<b>-3.1</b>

Notes: Stock Selection – measures the effect of equity selection relative to the benchmark. Asset allocation – measures the impact of over or underweighting each industry basket in the equity portfolio, relative to the benchmark weights. Cash & options effect – measures the impact on relative returns of these categories. Gearing – measures the impact on relative returns of net borrowings. Management fees, administrative expenses and tax – these reduce total assets and therefore reduce performance. Source – abrdn.

## Performance

The Company generated a positive Net Asset Value per share total return of 9.9% for the Year (based on debt at fair value) underperforming the benchmark FTSE All-Share Index which returned 13.0%. On a total return basis, the Company's share price increased by 7.6%, reflecting a widening of the discount to Net Asset Value (debt at fair value) at which the shares traded from 8.2 to 10.5% by 30 June 2024.

Our investment process encompasses a patient buy and hold approach and longer term returns also remain positive when comparing the Net Asset Value (based on debt at fair value) to the Benchmark over five years, with the Net Asset Value per share (based on debt at fair value, annualised) outperforming the FTSE All-Share Index by 0.2%. On the other hand, the Share Price has underperformed the Benchmark over five years by approximately 0.9% (annualised) on a total return basis as the discount to NAV has widened. The widening of discounts has been a relatively common theme within the investment trust sector.

In absolute terms, taking account of the £60m of senior secured fixed rate notes 2029, £40m of senior secured fixed rate notes 2027, as well as approximately £6m drawn down from an unsecured multi-currency revolving credit loan facility agreement with The Bank of Nova Scotia Limited, debt was £114m at the end of the Year. Net gearing was 9.1% at the end of the Year as compared to 10.3% at the end of the prior year.

Performance benefited from good stock selection in the consumer discretionary and telecommunications sectors and the overweight exposure to the industrials and technology sectors. This was offset by negative stock selection in the industrials, financials and consumer staples sectors.

Turning to the individual holdings, the positions in **Novo Nordisk** and **Intermediate Capital** generated the greatest stock level outperformance, delivering 82% and 58% share price increases respectively. Not holding Reckitt Benckiser which is a constituent of the benchmark index also contributed positively to relative performance. As has been a theme in the UK market in recent years, corporate and takeover activity has been elevated. Of the holdings in the portfolio, during the year, **Anglo American** and **Direct Line** rejected approaches at a premium to the level at which the shares had been trading prior to the approach.

# Investment Manager's Report

## Continued

The holding in **Close Brothers** detracted most from relative performance as its shares fell heavily when the FCA launched a review of motor finance practices in the industry. The company subsequently decided to suspend its dividend to conserve capital in anticipation of potential customer redress. Non-held Rolls Royce (which did not return to the dividend list during the Year) and **Shell** (where we prefer BP and TotalEnergies) also had a negative impact on relative return over the Year.

### Portfolio Activity and Structure

Turnover of approximately 18% was the same as the prior year. The pattern of trades reflected the ongoing desire to improve, where possible, the quality of the portfolio and maintaining the focus on attractive capital and dividend growth. Active share (the proportion of the portfolio that differs from the benchmark) remained stable and was 67% at the end of the Year.

The portfolio added nine new holdings in the Year. Four of these, **HSBC**, **Haleon**, **Berkeley Group**, and **Smurfit Kappa** are UK large-cap company introductions. **HSBC**, the international banking and financial services company, has an attractive dividend yield and we see the bank as a relatively higher quality company in the sector. **Haleon**, was previously the consumer healthcare division of GSK before being demerged as a standalone company in July 2022. The company has strong brands benefitting from long-term growth drivers. **Berkeley Group** is a UK housebuilder focused on urban regeneration developments primarily in London and the South East. We view the company as higher quality than the wider housebuilding sector, with less cyclical exposure and a stronger balance sheet. **Smurfit Kappa**, the provider of paper-based packaging solutions, was added to the portfolio following the company's proposed acquisition of WestRock which creates synergy opportunities and positions the company as a global leader in the sector.

There was one UK mid-cap addition to the portfolio in the Year. **Rotork** is a leading global actuator business with strong quality characteristics and under-appreciated growth opportunities. Drivers of growth include their electric actuator product which is used to reduce methane emissions in the Oil & Gas sector, which is increasingly a priority as the industry looks to meet emission reduction targets. A new position was also initiated in **Coca-Cola Europacific Partners ("CCEP")**, which trades at an attractive valuation and gives exposure to a number of high quality consumer brands. **CCEP** is our preferred Coca-Cola bottler and the holding in Coca-Cola HBC was subsequently sold after the Year end.

The Company can invest up to 20% of gross assets in overseas listed companies. This has three main benefits: firstly, to provide access to industries not available to UK-only investors; secondly, to diversify risk in concentrated sectors in the UK market; and thirdly, to enable investment in better quality proxies of UK listed companies. During the year, three overseas holdings were added to the portfolio, as we focused more acutely on gaining access to industries not available to UK-only investors. The first purchase was US-listed **Mastercard**, which we see as having attractive quality characteristics, including strong competitive positioning and high barriers to entry, as well as having multiple long-term growth opportunities. The second was a new position in vehicle manufacturer **Mercedes-Benz**. The German-listed company has improving quality characteristics through an increasing focus on its luxury brands as well as an attractive dividend yield and valuation. A new position was also started in **Air Liquide**, the French-listed industrial gases supplier, which is a high quality company with long term tailwinds from the UK energy transition.

We increased exposure to several of our existing holdings which we believe possess high quality characteristics and attractive growth prospects at appealing valuations including **Convatec**, **L'Oréal**, **London Stock Exchange Group**, **National Grid**, **Oxford Instruments**, **Oversea-Chinese Banking Corp**, **Rentokil Initial**, **RS Group**, and **Safestore**.

Nine holdings were sold during the Year, primarily reflecting either weakening conviction in the investment case or to reflect changes in relative preferences within a sector. Four exits fell into the first category: **Croda**, where our conviction in the long-term strategy deteriorated, while the valuation remained high; **Marshalls**, where we had concerns around the trading environment and potential implications for the company's balance sheet; **Drax**, due to increasing uncertainty around the long-term business model; and **Roche** was exited due to concerns about the outlook for the productivity of the company's Research & Development function. Five stocks were exited which were replaced by new additions in the same sector. For example, in the banking sector the position in **Standard Chartered** was exited reflecting the relative preference for new holding **HSBC**. In the paper & packaging sector the position in **Mondi** was exited and replaced by **Smurfit Kappa** while in the consumer staples sector **Nestlé** was exited with proceeds re-invested in UK-listed **Haleon** in order to optimise the use of the overseas-listed budget. The holding in **Smith & Nephew** was sold given the company's challenged competitive position in orthopaedics while we prefer other stocks in the sector, namely **Convatec**. In the housebuilding sector, **Berkeley**



**Group** replaced the holding in **Vistry** which was exited following strong share price performance and a view that dividend payments were less likely, with the company instead favouring buybacks.

In addition, we reduced the exposure to a number of holdings where we have higher conviction in other names in their respective sectors or to manage position sizes in the portfolio. Positions in stocks including **Anglo American, AstraZeneca, Close Brothers, Coca-Cola HBC, Direct Line, Hiscox, Howden Joinery, Intermediate Capital, Relx, Total Energies, Unilever**, and **VAT Group** were trimmed.

Overall, the net effect of the purchases and sales has been to maintain the number of holdings at 52. However, given that the Company also bought back 6.3% of the Company's shares in issue during the Year, there was net selling in the portfolio.

We continued our measured option-writing programme which is based on our fundamental analysis of the holdings in the portfolio. The option-writing strategy has been of benefit to the Company by diversifying and increasing the level of income generated. It also provides headroom to invest in companies with lower starting yields but better dividend and capital growth prospects. Income from writing options of £2.8m represented 6.5% of total income earned in the Year which compared to 5.6% in the prior year.

Our aspiration in terms of portfolio construction is simple: to invest in good quality companies with attractive growth prospects through a sensibly diversified portfolio with appealing dividend characteristics. Furthermore, the ability to invest up to 20% of gross assets overseas is helpful in achieving these aims with 13 overseas-listed companies in the portfolio at the period end representing approximately 20% of gross assets.

## Portfolio Engagement

Whilst the Company does not have a sustainability objective, ESG is integrated into the investment process. For example, our company research analyses the risk and opportunities that ESG factors may contribute to the investment case. We also put significant effort into engagement with the companies in the portfolio to ensure that they are run in the Company's best interests. Examples of this engagement during the Year included issues such as board composition, executive remuneration, capital allocation, mergers and acquisitions activity, and risk management (including issues such as climate change, regulatory risk, and managing succession planning). We pursued these issues through meetings with the executive management of the companies as well as

with the non-executive directors, particularly the chairs of the board and remuneration committees. In addition, a significant aspect of the governance work that we carry out is manifested in our proxy voting activities where we employ a proprietary lens rather than simply relying on proxy voting agencies. MSCI independently rated the Company's portfolio as "AA" for its ESG characteristics.

An example of a typical engagement is our dialogue with **RS Group** to better understand the company's exposure to rising logistics costs due to the need to decarbonise transport and increasing carbon taxes. We were encouraged to learn about the company's programme to optimise its supply chain, including sourcing, storing and shipping more products regionally and locally. This programme is complex but should improve customer services, reduce costs and ultimately lower emissions, as seen in the company's recent reductions in Scope 3 emissions from downstream transport logistics. We also discussed actions taken by the company to benefit from growth in low-carbon transition industries and to offer customers products with lower emissions footprints. Overall, it appears early days for **RS Group** in terms of generating additional revenues from the energy transition but we take comfort from the company's measures to respond to customers' increasing demands for more sustainable products with better traceability as well as its success in establishing relationships with new customer bases, such as in UK offshore wind. As next steps, we encouraged the company (where feasible) to expand its disclosures over time on progress made in pursuing these initiatives.

## Income

For the Year, the Company witnessed a decrease in the level of earnings per share due to a number of different factors. Firstly, dividend growth across the UK equity market as a whole has been limited as companies increasingly prefer to return capital through share buybacks rather than pursuing ordinary dividend growth or special dividends. This is positive in the sense that it indicates that companies believe that their shares are attractively valued but unhelpful from an income perspective. For the first time in many years no special dividends were included in income from investments. Secondly, income generation was affected by the suspension of Close Brothers' dividend and a reduced Direct Line dividend. We expect Close Brothers to return to the dividend list once the FCA's motor finance review has concluded. Direct Line is likely to significantly increase its dividend over the medium term. Finally, dividends from the mining sector again declined following the elevated levels of the prior couple of years.

# Investment Manager's Report

## Continued

The Company's earnings per share decreased by 3.4% from 38.7p to 37.4p. Paying a full year dividend of 38.5p per share will result in £0.6m being drawn from the Company's revenue reserves. Revenue reserves carried forward thus represent 55% of the full year dividend, based on the latest available number of ordinary shares in issue (excluding treasury shares). The ability to call on revenue reserves is a clear benefit of the investment trust structure.

We view the portfolio's exposure to attractive and enduring earnings trends as providing the potential for appealing income growth over the long term.

### Outlook

The portfolio is aligned to compelling long-term trends such as an ageing population, the increasing wealth of the middle class, the digital transformation and energy transition. We identify and invest in high quality companies capable of delivering appealing long term earnings and dividend growth at a relatively modest aggregate valuation. These companies demonstrate high returns on capital, pricing power, attractive margins and strong balance sheets. We also believe a focus on quality companies should provide both earnings resilience and less volatility which are helpful in underpinning the portfolio's income generation.

We expect the trajectory of inflation data and the associated path of monetary policy will continue to influence markets over the next year. Recent data points, particularly relating to the labour market, have brought into question the extent to which the US economy will achieve a 'soft landing' but our economists still believe this to be the case. We expect the rate cutting cycles that have been started by the BoE and ECB to continue with the Federal Reserve reducing rates imminently. Political risk remains elevated through 2024 with the US election in November, while following the election of a Labour government in the UK in July we do not expect significant changes to the growth outlook in the near-term but policy could increase growth potential in the longer-term.

Many of the valuation characteristics highlighted last year remain in place. Although perhaps a little less so than 12 months ago, the valuations of UK-listed companies still remain attractive on a relative and absolute basis. Investors are benefitting from global income at a discounted valuation. Moreover, the dividend yield of the UK market remains at an appealing premium to other regional equity markets.

Perhaps, unlike last year, the political environment in the UK feels more settled which may encourage overseas investors to look at the UK market with greater confidence. In summary, we feel optimistic that our long-term focus on investments in high quality companies with robust competitive positions and strong balance sheets, which are led by experienced management teams will be capable of delivering premium earnings and dividend growth.



**Charles Luke**

Senior Investment Director  
abrdn Investments Limited  
17 September 2024

# Performance

## Performance (total return, including reinvested dividends)

	1 year return %	3 year return %	5 year return %	10 year return %
Share price <sup>A</sup>	+7.6	+12.1	+25.1	+70.4
Net asset value per Ordinary share (debt at fair value) <sup>A</sup>	+9.9	+15.5	+32.1	+79.1
Net asset value per Ordinary share (debt at par value) <sup>A</sup>	+10.8	+14.4	+30.5	+77.1
Benchmark <sup>B</sup>	+13.0	+23.9	+30.9	+77.8

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found on page 102.

<sup>B</sup> FTSE All-Share Index.

Source: abrdn & Morningstar

## Ten Year Financial Record

Year end 30 June	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Income (£'000)	25,476	24,838	26,667	25,987	25,597	22,804	35,979	51,018	48,879	<b>43,899</b>
Shareholders' funds (£'000)	515,888	515,036	576,462	570,929	587,150	534,361	1,093,859	1,009,255	999,184	<b>990,282</b>
<b>Per Ordinary share (p)</b>										
Net revenue return	33.1	32.0	34.9	33.6	34.9	30.5	33.7	40.5	38.7	<b>37.4</b>
Dividends <sup>A</sup>	32.00	32.25	32.75	33.25	34.00	34.25	34.50	36.00	37.50	<b>38.50</b>
Net asset value (capital only)	757.1	766.5	860.1	856.3	888.1	808.3	934.6	864.9	894.4	<b>946.0</b>

<sup>A</sup> The figures for dividends per share reflect the years to which their declaration relates and not the years they were paid.

# Performance

## Continued

### Total Return of NAV and Share Price vs FTSE All-Share Index

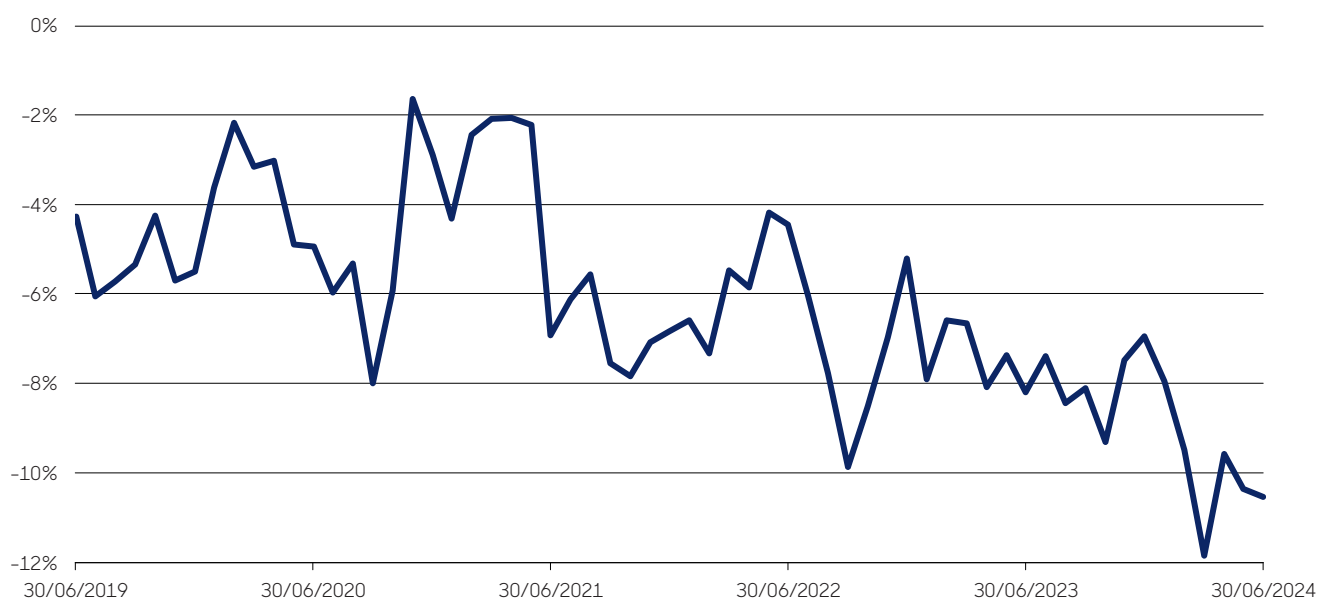
Five years ended 30 June 2024 (rebased to 100 at 30 June 2019)



Source: Morningstar & Factset

### Share Price Discount to NAV with debt at fair value

Five years ended 30 June 2024



Source: abrdn & Morningstar



# Financial Highlights and Dividends

## Financial Highlights

	30 June 2024	30 June 2023	% change
Shareholders' funds (£'000)	990,282	999,184	-0.9
Net asset value ("NAV") per Ordinary share – debt at fair value <sup>A</sup>	957.9p	911.7p	+5.1
Net asset value per Ordinary share – debt at par	946.0p	894.4p	+5.8
Market capitalisation (£'000)	897,150	935,096	-4.1
Share price of Ordinary share	857.0p	837.0p	+2.4
Discount to net asset value on Ordinary shares – debt at fair value <sup>A</sup>	10.5%	8.2%	
Discount to net asset value on Ordinary shares – debt at par <sup>A</sup>	9.4%	6.4%	
<b>Gearing (ratio of borrowing to shareholders' funds)</b>			
Net gearing <sup>A</sup>	9.1%	10.3%	
<b>Dividends and earnings</b>			
Revenue return per share	37.4p	38.7p	-3.4
Dividends per share <sup>B</sup>	38.50p	37.50p	+2.7
Dividend cover <sup>A</sup>	0.97 times	1.03 times	
Dividend yield <sup>A</sup>	4.5%	4.5%	
<b>Revenue reserves (£'000)</b>			
Prior to payment of fourth interim dividend <sup>C</sup>	32,403	36,664	
After payment of fourth interim dividend	21,975	22,576	
<b>Operating costs</b>			
Ongoing charges ratio <sup>A</sup>	0.50%	0.50%	

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found on pages 100 to 102.

<sup>B</sup> The figures for dividends per share reflect the years in which they were earned (see note 7).

<sup>C</sup> Per the Statement of Financial Position on page 65.

## Dividends

	Rate	XD date	Record date	Payment date
First interim	9.50p	16 Nov 2023	17 Nov 2023	14 Dec 2023
Second interim	9.50p	15 Feb 2024	16 Feb 2024	14 Mar 2024
Third interim	9.50p	16 May 2024	17 May 2024	13 Jun 2024
Fourth interim	10.00p	15 Aug 2024	16 Aug 2024	12 Sep 2024
<b>Total dividends</b>	<b>38.50p</b>			

# Overview of Strategy

## Business Model

Murray Income Trust PLC (the "Company") is an investment trust whose Ordinary shares are listed on the London Stock Exchange.

The Company is governed by a Board of Directors (the "Board"), all of whom are non-executive, and has no employees. The Board is responsible for determining the Company's investment objective and investment policy. Like other investment companies, the day-to-day investment management and administration of the Company is outsourced by the Board to an investment management group, abrdn, and other third party providers. The Company has appointed abrdn Fund Managers Limited (the "Manager") as its alternative investment fund manager, which has in turn delegated certain functions, including administration of the investment policy, to abrdn Investments Limited. The Manager has delegated the company secretarial function to abrdn Holdings Limited.

The Company complies with Section 1158 of the Corporation Tax Act 2010 which permits the Company to operate as an investment trust.

## Investment Objective

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

## Investment Policy

In pursuit of the Company's investment objective, the Company's investment policy is to invest in the shares of companies that have potential for real earnings and dividend growth, while at the same time providing an above-average portfolio yield. The emphasis is on the management of risk and on the absolute return and yield from the portfolio as a whole rather than the individual companies which the Company invests in, which is achieved by ensuring an appropriate diversification of stocks and sectors within the portfolio, with a high proportion of assets in strong, well-researched companies. The Company makes use of borrowing facilities to enhance shareholder returns when appropriate.

## Delivering the Investment Policy

The Company maintains a diversified portfolio of the equity securities of UK and overseas companies with an emphasis on investing in quality companies with good management, strong cash flow, a sound balance sheet and which are generating a reliable earnings stream.

The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies, including through direct visits by its fund managers. Stock selection is the major source of added value, concentrating on quality first, then price. Top-down investment factors are secondary in the Investment Manager's portfolio construction with diversification rather than formal controls guiding stock and sector weights.

## Board Investment Limits

The Board sets additional investment guidelines within which the Investment Manager must operate:

- the portfolio typically comprises between 40 and 70 holdings (but without restricting the Company from holding a more or less concentrated portfolio from time to time);
- the Company may invest up to 100% of its gross assets in UK-listed equities and other securities and is permitted to invest up to 20% of its gross assets in other overseas-listed equities and securities;
- the Investment Manager may invest in any market sector, however, the top five holdings may not exceed 40% of the total value of the portfolio and the top three sectors represented in the portfolio may not exceed 50%; and
- the Company may invest no more than 15% of its gross assets in other listed investment companies (including investment trusts).

The Company may use derivatives for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. The Investment Manager is permitted to invest in options and in structured products, provided that any structured product issued in the form of a note or bond has a minimum credit rating of "A".

## Gearing

The Board is responsible for setting the gearing policy of the Company and for the limits on gearing. The Manager is responsible for gearing within the limits set by the Board. The Board has set its gearing limit at a maximum of 25% of NAV at the time of draw down. Gearing – borrowing money – is used selectively to leverage the Company's portfolio in order to enhance returns where this is considered appropriate. Particular care is taken to ensure that any financial covenants permit maximum flexibility of investment policy. Significant changes to gearing levels are communicated to shareholders.

## Key Performance Indicators

At each Board meeting, the Directors consider a number of Key Performance Indicators ("KPIs") to assess the Company's success in achieving its objectives. These KPIs are described below, with those also categorised as Alternative Performance Measures marked with an asterisk (see also pages 100 to 102) and noting that NAV is calculated with debt at fair value:

KPI	Description
<b>NAV (total return) * relative to the Company's benchmark</b>	The Board considers the Company's NAV (total return), relative to the FTSE All-Share Index, to be the best indicator of performance over different time periods. A graph showing NAV total return over the past five years, as compared to the FTSE All-Share Index is shown on page 14.
<b>Share price (total return) *</b>	<p>The Board monitors share price performance relative to open-ended and closed-ended competitor products, taking account of differing investment objectives and policies pursued by those products.</p> <p>The figures for share price (total return) for the Year and for the past three, five and ten years, as well as for the NAV (total return) per share, are shown on page 13. A graph showing share price total return performance against the FTSE All-Share Index over the past five years is shown on page 14.</p>
<b>Discount/premium to NAV *</b>	The discount/premium at which the Company's share price trades relative to the NAV per share is closely monitored by the Board. A graph showing the discount/premium over the last five years is shown on page 14.
<b>Earnings and dividends per share</b>	The Board aims to meet the 'high and growing' element of the Company's investment objective by developing revenue reserves sufficient to support the payment of a growing dividend; figures may be found in Financial Highlights and Dividends on page 15 in respect of earnings and dividends per share, together with the level of revenue reserves, for the Year and previous year.
<b>Ongoing charges*</b>	The Board monitors the Company's operating costs and their composition with a view to limiting increases wherever possible. Ongoing charges are disclosed on page 15 for the Year and the previous year and include look through costs.

## Principal Risks and Uncertainties

There are a number of risks and uncertainties which, if realised, could have a material adverse effect on the Company's business model, future performance and solvency. The Board, through the Audit Committee, has put in place a robust process to identify, assess and monitor these by means of a risk assessment and internal controls system. This system was reviewed during the year, as explained in the Audit Committee Report on pages 51 and 52. As noted therein, the Audit Committee has a risk register and uses a post-mitigation heat risk map to identify principal, and emerging, risks.

Macroeconomic and geopolitical uncertainty continues as a significant risk. However, factors creating this uncertainty have changed, both during the Year and subsequently. For example, the uncertainty created by the increase in global armed conflict versus the de-risking from lower inflation and interest rates. Accordingly, the Board considers that the risk ratings arising from these factors remain at a heightened level, consistent with the last two years. The Board does not consider that, overall, the principal risks and uncertainties identified have changed materially during the Year. The Audit Committee and the Board both consider emerging risks as part of their normal review of factors which could affect the Company, both in the short and longer term. For example, negative climate change impacts, the potential escalation of military conflicts and the unknown outcome of the US presidential election in later 2024, form part of the Directors' assessment, with input from the Manager and broker.

# Overview of Strategy

## Continued

The following table sets out the Company's principal risks and uncertainties and the Company's mitigating actions and comments if the post-mitigation risk assessment has changed, together with the reason why.

Principal Risk	Mitigating Action
<b>STRATEGIC AND MARKET</b>	
<p><b>The Company's investment objective and policy are no longer meeting investors' requirements (unchanged)</b></p> <p>Lack of a robust strategic review, failure to understand the market/investor demand. Failure to analyse and react to changes or uncertainty, unclear dividend policy.</p>	<p>The Company's investment objective and policy ("IOP") are reviewed regularly by the Board to ensure they remain appropriate and effective. The Board holds an annual strategy meeting at which strategy and approach is reviewed; this includes consideration of distributions; both dividends and share buybacks.</p>
<p><b>Discount control risk (increased)</b></p> <p>Investment trust shares tend to trade at discounts to their underlying NAVs, although they can also trade at premium. Discounts and premiums can fluctuate considerably leading to more volatile returns for shareholders.</p> <p>Significant share buybacks could lead to the shrinkage of the Company, with implications for the liquidity of its shares and potentially reduced attractiveness for investors.</p>	<p>The Board monitors the discount at which the Company's shares trade, including comparison with peer group discounts, and will buyback or issue shares to try to minimise the impact of any discount or premium volatility. Whilst these measures seek to reduce volatility, they are not guaranteed to do this.</p> <p>The Board has assessed the discount control risk as increased due to the higher discount at which the Company's shares traded during the year.</p>
<p><b>Market risk (unchanged)</b></p> <p>Market risk arises from the volatility in prices of the Company's investments and the potential loss the Company could suffer through realising investments following negative market movements.</p> <p>Changes in general economic or market conditions (such as interest rates, exchange rates and rates of inflations) as well as global political events and trends, could substantially and adversely affect the prices of securities and, as a consequence, the value of the Company's investment portfolio, its prospects and share price.</p> <p>Current heightened risks arise from factors such as the increase in global armed conflict and the possible recession in the US. Conversely, the recent UK general election result has reduced uncertainty in the UK to which financial markets have responded positively. The longer term emergence of the effects on investee companies of climate change, and the regulatory environment around this, presents a further risk.</p>	<p>The Company's investment policy and its approach to risk diversification may be found on page 16, both of which serve to mitigate the effect of market risk on the portfolio. The Board considers the diversification of the portfolio, asset allocation, stock selection and levels of gearing on a regular basis. The Board also monitors the Company's relative performance as compared to peers and the Company's benchmark.</p> <p>The Board assesses climate change as an emerging risk in terms of how it develops, including how investor sentiment is evolving towards climate change within investment portfolios, and will consider how the Company may mitigate this risk, any other emerging risks, if and when they become material.</p> <p>The Board engages with the Manager, at each Board meeting, to understand how climate change and environmental factors are being assessed. Both are key considerations within the Manager's investment process.</p> <p>During the Year, the Board evaluated market risk as elevated due to the limit on the Company's ability to mitigate the effect of external factors.</p>



**Gearing risk (unchanged)**

The Company uses both long term and short term borrowings to increase the funds available for investment. These arrangements increase the funds available for investment. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental.

The Company's three year £50m facility matures on 27 October 2024. There is the risk that the Company is not able to find short term borrowings of an amount required (which can be less than the full £50 million) to repay the current short term borrowings.

Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of NAV at the time of draw down.

The Board, via the Manager, is in advanced discussions with several third parties for the provision of a new short term borrowing facility and will provide an update to shareholders following formal agreement of terms. Given the advanced nature of discussions, the Board has a reasonable expectation that any new funding will be available of an amount and at a rate acceptable to both the Board and the Manager.

**INVESTMENT MANAGEMENT****Underperformance risk (unchanged)**

Consistent underperformance by the Investment Manager over short, medium and long term.

The Investment Manager's style may result in the portfolio being significantly over or under weight positions in stocks and sectors compared to the benchmark and the Company's performance may deviate significantly from that of the benchmark and peers, possibly for extended periods.

The Board evaluates performance at each board meeting on both an absolute and relative basis, against the Company's benchmark and peers, and across various periods: short, medium and long term. Performance is also reviewed at the annual strategy meeting.

The Company has a set of investment limits and Board guidelines which ensure diversification of the portfolio.

**Risk of loss of key staff (unchanged)**

Loss of key staff through natural loss, or Manager reorganisation and/or redundancy. Loss of investor confidence if lead manager lost.

Charles Luke has been the lead portfolio manager for the Company since 2006. His co-manager is Iain Pyle who has been with the Manager since 2015, and Rhona Millar, with seven years' experience, also works alongside them. All work within the Manager's 39-strong Developed Markets Equities team.

**MARKETING****General marketing risk (unchanged)**

Failure to implement the Board's marketing policy. Failure to address shareholder concerns or complaints.

Issues could arise from the lack of process ownership, poor procedures or the failure to appropriately manage distribution, concerns or complaints of shareholders. The Board is working with the Manager to optimise the effectiveness of marketing undertaken on behalf of the Company.

The Manager's investor relations team works closely with the Board on institutional shareholder contact. In addition, quarterly updates are provided to the Board by the broker. All correspondence addressed to the Board is circulated to Directors while any complaints relating to the Company's savings plans are reviewed by the Board quarterly.

# Overview of Strategy

## Continued

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### OPERATIONAL

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#### **Service provider risk (unchanged)**

In common with most other investment companies, the Company relies on the services provided by third parties and is dependent on the control systems of the Manager (who acts as investment manager, company secretary and maintains the Company's assets, dealing procedures and accounting records); BNP Paribas SA, London Branch (who acts as Depositary and Custodian); and the registrar. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third party service providers.

Failure by any service provider to carry out its obligations could have a material adverse effect on the Company's performance. Disruption, including that caused by information technology breakdown or a cyber-related issue, could prevent, for example, the functioning of the Company; accurate reporting to the Board or shareholders; or payment of dividends in accordance with the announced timetable.

Contracts with third party providers are entered into after appropriate due diligence. Thereafter the performance of each provider is subject to an annual review by the Audit Committee. The Depositary reports to the Audit Committee at least annually, including on the Company's compliance with AIFMD. The Manager also regularly reviews the performance of the Depositary.

Global assurance reports are obtained from the Manager, BNP Paribas SA, London Branch and the registrar. These are reviewed by the Audit Committee. The reports include an independent assessment of the effectiveness of risks and internal controls at the service providers including their planning for business continuity and disaster recovery scenarios, together with their policies and procedures designed to address the risks posed to the Company's operations by cyber-crime. The Audit Committee receives an annual update on the Manager's IT resilience.

The Company's assets are subject to a strict liability regime and, in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.

The Board has assessed the risk posed by cyber-crime as elevated, despite the available mitigation, reflecting the potential disruption which might be caused to the Company's operations by a cyber-attack.

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### REGULATORY

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#### **Regulatory risk (including change of existing rules and regulation) (increased)**

The Company is required to comply with relevant rules and regulations. Failure to do so could result in loss of investment trust status, fines, suspension of the Company's shares, criminal proceedings or financial or reputational damage.

New rules introduced during the year included those relating to Consumer Duty and reporting around sustainability. The Board has assessed the regulatory risk as marginally increased due to the number and complexity of these new rules and regulations which are not necessarily specific to investment companies but which, due to their application to the Manager, could have a negative impact on the reputation of the Company were there to be any lack of compliance by the Manager.

The Manager provides investment, company secretarial, administration and accounting services through qualified third party professional providers.

The Board receives regular reports from its Manager and briefings from its broker, auditor and the industry trade body (the Association of Investment Companies ("AIC")) on changes to regulations which could impact the Company and its industry.

The following are other risks identified by the Board which could have a major impact on the Company but due to mitigation are not deemed to be principal risks:

Other Risks	Mitigating Action
<p><b>Dividend risk</b></p> <p>There is a risk that the Company fails to generate sufficient income from its investment portfolio to meet the Company's dividend requirements.</p> <p>A cut in the dividend of the Company would likely cause a drop in the share price and would end the Company's "Dividend Hero" status.</p>	<p>The Board reviews estimates of revenue income and expenditure prepared by the Manager, which look forward up to five years.</p> <p>The Company's level of revenue reserves is monitored and can be added to in years of surplus, or used to support the dividend in years where there is a revenue deficit. Dividends can also be paid from capital, though use of capital reserves for dividends is expected to be rare.</p>
<p><b>Financial risk</b></p> <p>The Company's investment activities expose it to a variety of financial risks which include market risk (which is identified as a principal risk and is covered earlier in this section on page 18), liquidity risk and credit risk (including counterparty risk).</p>	<p>Details of these risks and the policies and procedures for their monitoring and mitigation are disclosed earlier in this section and in note 18.</p>
<p><b>Emerging risk</b></p> <p>Failure to have in place procedures that assist in identifying emerging risks. This may cause reactive actions rather than being pro-active and, in the worst case, could cause the Company to become unviable or otherwise fail.</p>	<p>The Board regularly reviews all risks to the Company, including emerging risks, which are identified by a variety of means, including advice from AIC, the Company's professional advisors, Directors' knowledge of markets, changes and events.</p>

The principal risks associated with an investment in the Company's shares can be found in the pre-investment disclosure document ("PIDD") published by the Manager, which is available from the Company's website: [murray-income.co.uk](https://murray-income.co.uk).

## Promotional Activities

The Board recognises the importance of promoting the Company to existing and prospective investors both for improving liquidity and enhancing the rating of the Company's shares. The Board believes one effective way to achieve this is through subscription to, and participation in, the promotional programme run by the Manager on behalf of a number of investment trusts under its management. The Company also supports the Manager's investor relations programme which involves regional roadshows, promotional and public relations campaigns. The Manager's promotional and investor relations teams report to the Board on a quarterly basis giving analysis of their activities as well as updates on the shareholder register and any changes in the make-up of that register.

Communicating the long-term attractions of the Company is key. The promotional programme includes commissioning independent paid for research on the Company, most recently from Edison Investment Research Limited; a copy may be found on the Company's website.

## The UK Stewardship Code and Proxy Voting

The Company supports the UK Stewardship Code 2020, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager.

The Manager is a tier 1 signatory of the UK Stewardship Code 2020 which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. The Manager's Annual Stewardship Report for 2023 may be found at [abrdn.com](https://abrdn.com). While delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

# Overview of Strategy

## Continued

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports to the Board on a six monthly basis on stewardship (including voting) issues and additional information may be found on page 94.

### Global Greenhouse Gas Emissions and Streamlined Energy and Carbon Reporting ("SECR")

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reason as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information. Further information on the Manager's obligatory disclosures under the Taskforce on Climate-related Financial Disclosures ("TCFD") may be found on the Company's website.

### Viability Statement

The Company does not have a fixed period strategic plan but the Board does formally consider risks and strategy on at least an annual basis. The Board regards the Company, with no fixed life, as a long term investment vehicle but for the purposes of this viability statement has decided that a period of five years (the "Review Period") is an appropriate timeframe over which to report. The Board considers that this Review Period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

In assessing the viability of the Company over the Review Period the Directors have focused upon the following factors:

- the Company's principal risks and uncertainties as set out in the Strategic Report on pages 17 to 21;
- the relevance of the Company's investment objective;
- the demand for the Company's shares as indicated by the level of premium and/or discount;
- the level of income generated by the Company's portfolio as compared to its expenses;
- the overall liquidity of the Company's investment portfolio;

- the £40m senior loan notes and £60m senior loan notes, which are repayable in 2027 and in 2029, respectively, and any likelihood of them breaching their covenants; and
- the requirement for the Company to repay its three year £50 million bank loan facility at its maturity in October 2024.

In making this assessment, the Board has considered in particular a large economic shock, such as another global pandemic, a period of increased stock market volatility and/or markets at depressed levels, a significant reduction in the liquidity of the portfolio, or persistent inflationary pressures, or changes in investor sentiment or regulation, and how these factors might affect the Company's prospects and viability in the future. The Board undertook scenario analysis, incorporating income forecasting, in reaching its conclusions, but recognising that the Company's expenses are significantly lower than its total income.

Taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Report.

### Performance, Financial Position and Outlook

A review of the Company's activities and performance during the Year, including future developments, is set out in the Chair's Statement and in the Investment Manager's Report. These cover market background, investment activity, portfolio strategy, dividend policy, gearing and investment outlook. A comprehensive analysis of the portfolio is provided on pages 27 to 31 while the full portfolio of investments is published monthly on the Company's website. The Company's Statement of Financial Position on page 65 shows the assets and liabilities at the year end. Borrowing facilities at the year end comprised a mix of fixed and floating debt: a three year £50 million bank loan, £40 million of senior loan notes due for repayment in 2027 and £60 million of senior loan notes due for repayment in 2029. Details of these are shown in notes 13 and 14 to the financial statements, respectively.



The future strategic direction and development of the Company is regularly discussed as part of Board meeting agendas. The Board also considers the Manager's promotional strategy for the Company, including effective communications with shareholders. The Board intends to maintain, for the year ending 30 June 2025, the strategy set out in the Strategic Report as it believes that this is in the best interests of shareholders.

## Board Diversity

The Board supports the principle of boardroom diversity, of which diversity of skills, gender and ethnicity are all important aspects. Further information on Board diversity may be found in the Directors' Report on page 39.

## Environmental, Community, Social and Human Rights Issues

The Company has no employees and, accordingly, there are no disclosures to be made in respect of employees. In relation to the investment portfolio, the Board has delegated assessment of these issues to the Investment Manager, responsibility and further information may be found on page 90 to 94.

## Modern Slavery Act

Due to the nature of its business, being a company that does not offer goods and services to customers, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. The Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

**The Strategic Report has been approved by the Board and signed on its behalf by:**

**Peter Tait**

Chair

17 September 2024

# Promoting the Success of the Company

The Board is required to report how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 during the Year. Under this requirement, the Directors have a duty to promote the success of the Company for the benefit of its members (shareholders) as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with the Company's stakeholders, and the impact of the Company's operations on the environment. In addition the Directors must act fairly between shareholders and be cognisant of maintaining the reputation of the Company.

## The Purpose of the Company and Role of the Board

The Company has been established as an investment vehicle for the purpose of delivering its investment objective which is set out on page 1 of this Report. Investment trusts, such as the Company, are long-term investment vehicles that are typically externally-managed, have no employees, and are overseen by an independent non-executive board of directors.

The Board is responsible for all decisions relating to the Company's investment objective and policy, gearing, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager.

The Board's philosophy is that the Company should foster a culture where all parties are treated with respect. The Directors provide mutual support combined with constructive challenge. Integrity, openness and diligence are defining characteristics of the Board's culture. The Company has a number of policies and procedures in place to aid a culture of good governance, such as those relating to Director's conflicts of interests and dealings in the Company's shares, annual evaluation of Directors, anti-bribery and anti-tax evasion. At its regular meetings, the Board engages with the Manager to understand its culture and receives regular reporting and feedback from the other key service providers.

The Company's primary stakeholders have been identified as its shareholders, the Manager, other key third party service providers, investee companies and lenders. The following table sets out details of the Company's engagement.

<b>Shareholders</b>	<p>The Directors place great importance on communication with shareholders. Further details on the Company's relations with Shareholders, including its approach to the Annual General Meeting, and investor relations can be found in the Directors' Report on pages 43 to 45.</p> <p>In addition, the Chair and Investment Manager are holding an online shareholder presentation on 17 October 2024, further details of which may be found in the Chair's Statement on page 7.</p>
<b>Manager</b>	<p>The Investment Manager's Report on pages 8 to 12 details the key investment decisions taken during the Year. The Board engages with the Investment Manager at every Board meeting and receives presentations from the Investment Manager to help it to exercise effective oversight of the Investment Manager and delivery of the Company's strategy. The Board also receives regular updates from the Manager outside of these meetings.</p> <p>The Management Engagement Committee's monitoring of the performance of the Manager over the Year is detailed on pages 40 and 41.</p>
<b>Other Key Third Party Service Providers</b>	<p>The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers with the resources, controls and performance records to deliver the service required. The Board seeks to maintain constructive relationships with its key service providers (the Company's registrar, depositary and broker) either directly, or through the Manager, with ongoing dialogue and formal regular meetings. The Audit Committee conducts an annual assessment of key service providers as set out in the Committee's report on page 52. The Board seeks regular assurance that key third party service providers have in place appropriate business continuity plans and which are expected to allow them to maintain service levels in the face of disruption.</p>

### Investee Companies

The Board is committed to investing in a responsible manner and actively monitors the activities of investee companies through its delegation to the Investment Manager. In order to achieve this, the Investment Manager has discretionary powers to exercise voting rights on resolutions proposed by the investee companies and reports quarterly to the Board on stewardship issues, including voting. The Board monitors investments made and divested and questions the rationale for exposures taken and voting decisions made.

Information on how the Investment Manager engages with investee companies may be found on page 94.

### Lenders to the Company

On behalf of the Board, the Manager maintains a positive working relationship with the provider of the Company's multi-currency loan facility and the holders of the Company's Senior Loan Notes, assuring compliance with lenders' covenants and providing regular updates on business activity.

## Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not a new requirement, and is considered as part of every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions reached during the Year.

### Reduction in Management Fee

As reported in the Chair's Statement on page 5, the Board and the Manager have agreed a reduction in the management fee, from 1 July 2024, with the initial tier rate reducing from 0.55% to 0.35% of net assets. Full details are included in Note 4 to the Financial Statements.

### Dividends Paid to Shareholders

The level, frequency and timing of dividends paid are key considerations for the Board, taking into account net earnings for the year and the Company's objective of providing shareholders with a high and growing income, combined with the Company's Dividend Hero status.

The total dividend for the Year of 38.5p is an increase of 2.7% on the previous year. Dividend payments are quarterly with the first three payments increased from 8.25p to 9.50p to equalise (as far as practical) the four quarterly payments.

### Share Buybacks

During the Year the Company bought back 7,035,000 (2023 – 4,970,471) Ordinary shares, to be held in treasury, providing a small accretion to the NAV and a degree of liquidity to the market at times when the discount to the NAV per share had widened during normal market conditions. It is the view of the Board that this policy remains in the best interests of all shareholders.

### Board Succession

The Board, via the Nomination Committee, reviewed its succession plan in light of the retirement of Alan Giles at the AGM on 5 November 2024 and further recruitment is under way. Further information may be found in the Directors' Report on page 41.

### Shareholder Communication

The Chair hosted an online event for shareholders on 3 November 2023, to allow those shareholders who may have been unable to attend the AGM in person on 7 November 2023 to pose questions to both the Chair and the Investment Manager. A similar event will be held on 17 October 2024, as described in the Chair's Statement on page 7.



# Portfolio

A photograph of a modern, multi-story residential building with a light-colored brick facade and white window frames. The building features several balconies with black metal railings. In the foreground, there is a black metal fence with white spherical finials. A dark-colored car is parked behind the fence. The sky is clear and blue.

A new stock purchased by the Company in the period, Berkeley Group's focus is on large-scale, capital intensive brownfield regeneration projects. Berkeley unlocks challenging and complex sites over the long-term, bringing well-located land back into community use and realising its potential for added value returns through the housing market cycles. One example is this development of flats in Rickmansworth, Hertfordshire, England.



# Ten Largest Investments

As at 30 June 2024



## 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.



## 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.



## London Stock Exchange

London Stock Exchange is a diversified global financial markets infrastructure and data business. The company is highly cash generative and very well placed to benefit from increased spend on data services.



## 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.



## 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 sweet spot with rising prices and benign costs. The company provides an attractive dividend yield and is well placed for the energy transition.



## 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.



## National Grid

National Grid is an investor-owned utility company which owns and operates the electricity and gas transmission network in Great Britain and the electricity transmission networks in the Northeastern United States. The company offers resilient earnings and an attractive dividend yield.



## Experian

Experian is a market leader in the provision of credit and marketing services. It maintains one of the largest credit bureaus and offers specialist analytical solutions for credit scoring, risk management and application processing across a number of different markets including financial services, health, retail and government.



## Sage Group

Sage Group is a software publishing business which develops, publishes and distributes accounting and payroll software. It also maintains a registered user database which provides a market for their related products and services, including computer forms, software support contracts, program upgrades and training.



# Portfolio

As at 30 June 2024

Investment	FTSE All-Share Sector	Country	Valuation 2024 £'000	Total investments %	Valuation 2023 £'000
AstraZeneca	Pharmaceuticals and Biotechnology	UK	58,253	5.4	60,904
Unilever	Personal Care Drug and Grocery Stores	UK	57,626	5.4	56,200
RELX	Media	UK	56,359	5.2	61,856
London Stock Exchange	Finance and Credit Services	UK	43,837	4.1	33,912
Diageo	Beverages	UK	41,515	3.9	52,951
bp	Oil, Gas and Coal	UK	40,630	3.8	32,387
TotalEnergies	Oil, Gas and Coal	France	38,041	3.5	34,369
National Grid	Gas, Water and Multi-utilities	UK	35,502	3.3	24,156
Experian	Industrial Support Services	UK	33,099	3.1	29,324
Sage Group	Software and Computer Services	UK	32,402	3.0	30,020
<b>Top ten investments</b>			<b>437,264</b>	<b>40.7</b>	
Intermediate Capital	Investment Banking and Brokerage Services	UK	31,190	2.9	20,793
Oversea-Chinese Banking	Banks	Singapore	27,374	2.5	21,124
BHP Group	Industrial Metals and Mining	UK	27,321	2.5	33,932
Anglo American	Industrial Metals and Mining	UK	26,436	2.5	25,065
Rentokil Initial	Industrial Support Services	UK	25,060	2.3	26,708
Inchcape	Industrial Support Services	UK	23,243	2.2	25,899
SSE	Electricity	UK	22,031	2.1	37,940
Convatec	Medical Equipment and Services	UK	21,336	2.0	15,569
Microsoft	Software and Computer Services	United States	20,316	1.9	17,865
Howden Joinery	Retailers	UK	19,553	1.8	20,155
<b>Top twenty investments</b>			<b>681,124</b>	<b>63.4</b>	
Oxford Instruments	Electronic and Electrical Equipment	UK	19,052	1.8	17,179
HSBC	Banks	UK	18,661	1.8	-
Safestore	Real Estate Investment Trusts	UK	18,574	1.7	21,600
RS Group	Industrial Support Services	UK	18,480	1.7	8,771
Nordea Bank	Banks	Sweden	18,454	1.7	16,694
Games Workshop	Leisure Goods	UK	16,150	1.5	15,579
M&G	Investment Banking and Brokerage Services	UK	15,840	1.5	14,862
Haleon	Pharmaceuticals and Biotechnology	UK	13,662	1.3	-
Smurfit Kappa	General Industrials	UK	13,096	1.2	-
Kone	Industrial Engineering	Finland	12,953	1.2	13,653
<b>Top thirty investments</b>			<b>846,046</b>	<b>78.8</b>	

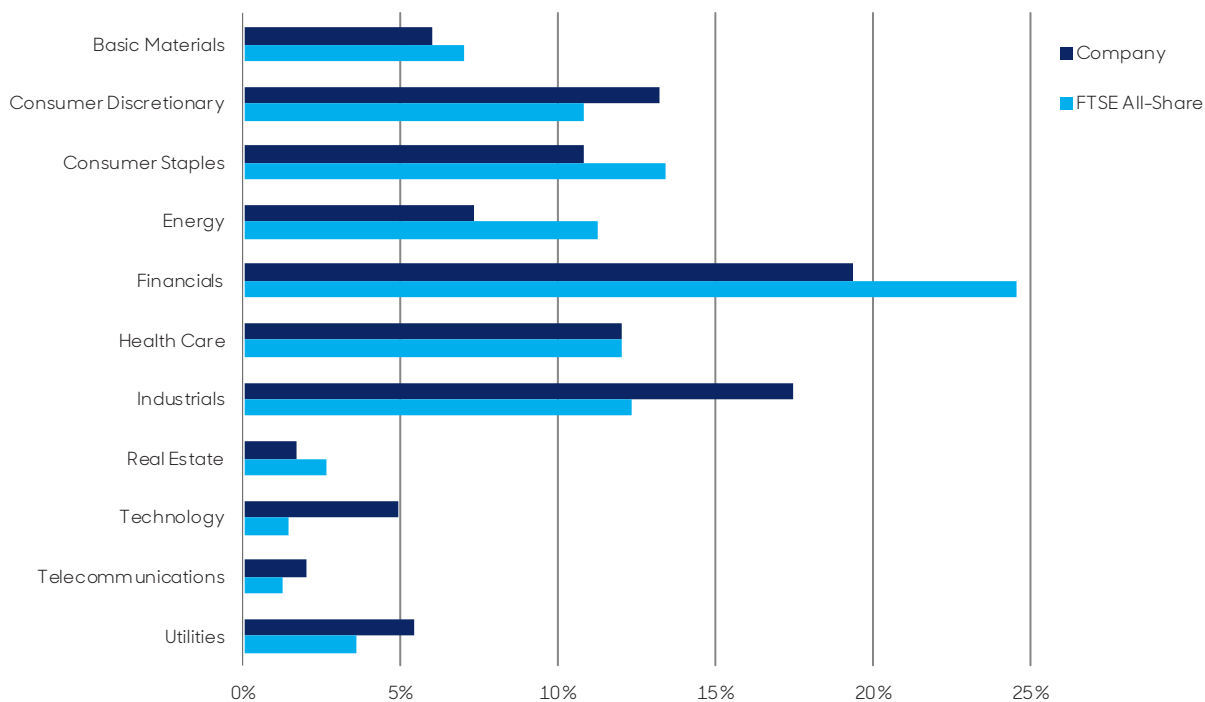
## As at 30 June 2024

Investment	FTSE All-Share Sector	Country	Valuation 2024 £'000	Total investments %	Valuation 2023 £'000
OSB	Finance and Credit Services	UK	12,913	1.2	14,469
GSK	Pharmaceuticals and Biotechnology	UK	12,798	1.2	12,630
Genuit	Construction and Materials	UK	12,524	1.2	8,519
Genus	Pharmaceuticals and Biotechnology	UK	12,427	1.2	16,314
Rotork	Electronic and Electrical Equipment	UK	11,589	1.1	-
Close Brothers	Banks	UK	11,402	1.1	26,700
L'Oréal	Personal Goods	France	11,282	1.0	9,181
Hiscox	Non-life Insurance	UK	11,271	1.0	13,985
Coca-Cola Europacific	Beverages	UK	11,172	1.0	-
Berkeley	Household Goods and Home Construction	UK	10,901	1.0	-
<b>Top forty investments</b>			<b>964,325</b>	<b>89.8</b>	
Accton Technology	Telecommunications Equipment	Taiwan	10,827	1.0	7,051
Air Liquide	Chemicals	France	10,770	1.0	-
Telenor	Telecommunications Service Providers	Norway	10,535	1.0	9,323
LVMH	Personal Goods	France	10,068	1.0	12,325
Novo-Nordisk	Pharmaceuticals and Biotechnology	Denmark	9,923	0.9	22,239
Mercedes-Benz	Automobiles and Parts	Germany	9,855	0.9	-
Direct Line Insurance	Non-life Insurance	UK	9,728	0.9	9,445
VAT Group	Electronic and Electrical Equipment	Switzerland	9,486	0.9	12,447
Mastercard	Industrial Support Services	United States	8,582	0.8	-
Moonpig	Retailers	UK	7,538	0.7	5,703
<b>Top fifty investments</b>			<b>1,061,637</b>	<b>98.9</b>	
Chesnara	Life Insurance	UK	6,505	0.6	7,138
Coca-Cola HBC	Beverages	UK	5,392	0.5	29,787
<b>Total investments</b>			<b>1,073,534</b>	<b>100.0</b>	

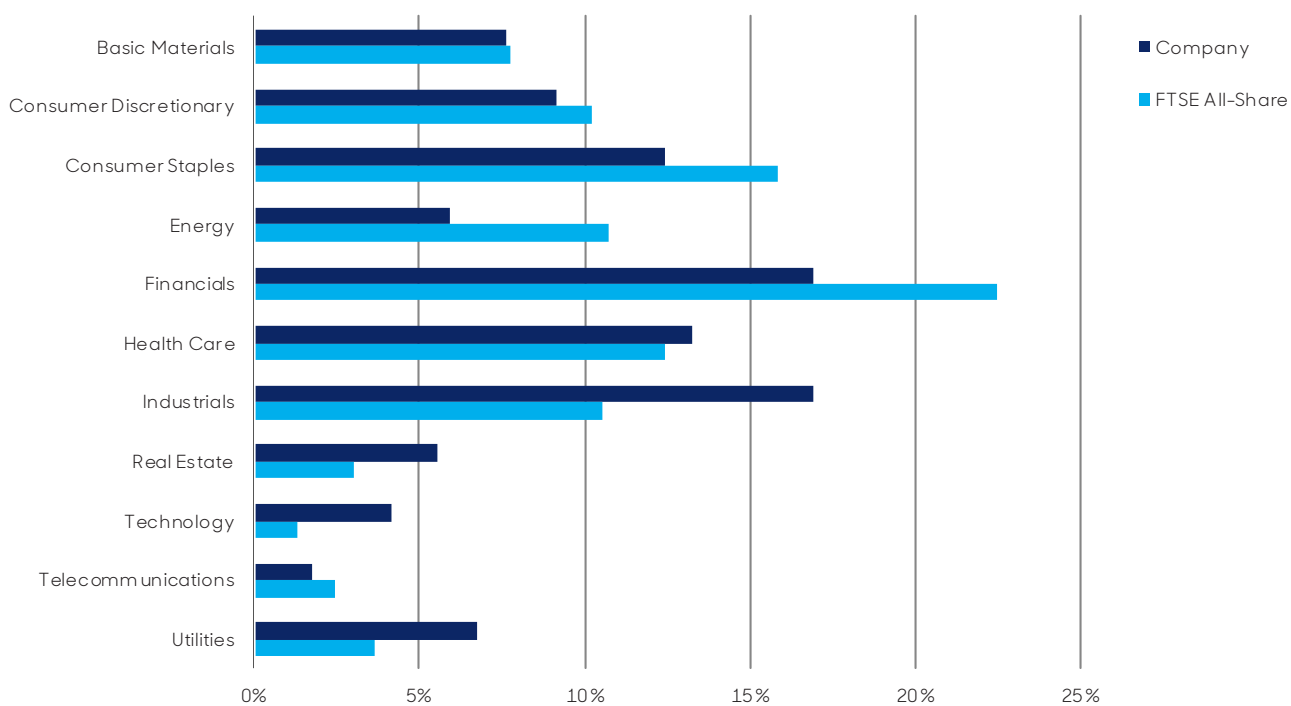
Ordinary shares unless otherwise stated.

# Sector Comparison with the Benchmark

Investments held at 30 June 2024 (percentage of portfolio)



Investments held at 30 June 2023 (percentage of portfolio)



# Summary of Investment Changes During the Year

	Valuation 30 June 2023		Transactions £'000	Gains / (losses) £'000	Valuation 30 June 2024	
	£'000	%			£'000	%
<b>Equities</b>						
UK	898,427	81.8	(67,457)	34,098	865,068	80.6
Denmark	22,239	2.0	(20,713)	8,397	9,923	0.9
Finland	13,653	1.3	-	(700)	12,953	1.3
France	55,875	5.1	11,866	2,420	70,161	6.5
Germany	-	-	11,418	(1,563)	9,855	0.9
Norway	9,323	0.9	-	1,212	10,535	1.0
Singapore	21,124	1.9	2,228	4,022	27,374	2.5
Switzerland	36,060	3.3	(26,510)	(64)	9,486	0.9
Sweden	16,694	1.5	-	1,760	18,454	1.7
Taiwan	7,051	0.6	-	3,776	10,827	1.0
United States	17,865	1.6	5,644	5,389	28,898	2.7
<b>Total investments</b>	1,098,311	100.0	(83,524)	58,747	1,073,534	100.0

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# Governance

A close-up photograph of industrial machinery. The image features a prominent orange-painted metal component in the foreground, which appears to be part of a larger machine. A silver-colored metal rod with a threaded section and a hexagonal nut is visible, extending from the left towards the center. The background is blurred, showing more of the industrial environment with various orange and metallic parts.

Rotork, a new mid-cap stock purchased during the Year, specialises in designing and manufacturing actuators (or pistons) for pneumatic and hydraulic machinery. Rotork is a global leader in relatively concentrated and attractive growth markets with high barriers to entry. These markets are benefiting from the megatrends of automation, electrification and digitalisation that are transforming industry.





# Board of Directors



## Peter Tait

Chair of the Board

### Appointment

Appointed a Director on 7 November 2017, Senior Independent Director on 2 November 2021 and Chair of the Board on 7 November 2023

### Experience and other public company directorships:

Peter Tait retired from the Nestlé Group where he was initially Head of Investments for the Nestlé UK Pension Fund and then CEO & CIO of Nestlé Capital Management. Prior to Nestlé he worked for many years in the investment management industry managing portfolios for investment trusts, pension funds and charitable foundations. During that time he was a managing director at BlackRock International and, before that, a director of Dunedin Fund Managers and a portfolio analyst at Scottish Widows Life Assurance Fund.

### Committee Membership:

Management Engagement Committee (Chair), Nomination Committee (Chair) and Remuneration Committee.

### Contribution:

The Nomination Committee has reviewed the contribution of Peter Tait in light of his proposed re-election, and has concluded that he chairs the Company expertly, fostering a collaborative engagement between the Board and Manager while ensuring that meetings remain focussed on the key areas relevant to stake holders.



## Alan Giles

Senior Independent Non-Executive Director and Chair of the Remuneration Committee

### Appointment

Appointed a Director on 17 November 2020 and Senior Independent Director on 7 November 2023

### Experience and other public company directorships:

Alan Giles joined the Board after serving as a director of Perpetual Income and Growth Investment Trust plc from 6 November 2015. He is Chairman of The Remuneration Consultants Group. He was formerly an Associate Fellow at Saïd Business School, University of Oxford, and an honorary visiting professor at Bayes Business School, City, University of London. He was formerly Chairman of Fat Face Group Limited, Chief Executive of HMV Group plc, Managing Director of Waterstones, and an executive director of WH Smith plc. He previously held non-executive directorships at Foxtons Group plc, The Competition & Markets Authority, Rentokil Initial plc, The Office of Fair Trading, Somerfield plc and Wilson Bowden Plc.

### Committee Membership:

Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chair).

### Contribution:

The Nomination Committee has reviewed the contribution of Alan Giles and considers that his extensive boardroom experience, particularly in the retail and other commercial sectors, broadens the Board's overall expertise. Alan Giles will retire as a Director at the conclusion of the AGM on 5 November 2024.



## Stephanie Eastment

Independent Non-Executive Director and Chair of the Audit Committee

### Appointment

Appointed a Director on 2 August 2018 and Chair of the Audit Committee on 5 November 2018

### Experience and other public company directorships:

Stephanie Eastment was formerly Head of Specialist Fund Accounts and Corporate Secretariat at Invesco Perpetual. Her career spans over 35 years working in financial services including roles at UBS, Wardley Investment Services International and KPMG. She qualified while at KPMG and is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Chartered Governance Institute UK and Ireland. She is an independent non-executive director and audit chair of Herald Investment Trust plc, Impax Environmental Markets plc and Alternative Income REIT plc. She is an independent non-executive director of RBS Collective Investment Funds Limited.

### Committee Membership:

Audit Committee (Chair), Management Engagement Committee, Nomination Committee and Remuneration Committee.

### Contribution:

The Nomination Committee has reviewed the contribution of Stephanie Eastment in light of her proposed re-election at the forthcoming AGM, and her appointment as Senior Independent Director at the conclusion of the next AGM, and has assessed that she continues to chair the Audit Committee expertly, as well as bringing to the Board her extensive knowledge of the governance of investment companies.



## Nandita Sahgal Tully

Independent Non-Executive Director

### Appointment

Appointed a Director on 3 November 2021

### Experience and other public company directorships:

Nandita Sahgal Tully was formerly a Managing Director and member of the Investment Committee at ThomasLloyd Group Ltd, an impact investor focussing on sustainable infrastructure. Prior to this, she was Chief Executive Officer at IL&FS Global Financial Services (UK) Ltd., the UK subsidiary of the investment banking arm of IL&FS. She has over 25 years' financial markets experience working in asset management, equity capital markets and M&A at ThomasLloyd Group, Insinger de Beaufort and Seymour Pierce. Having qualified with Deloitte, she is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Chartered Institute for Securities and Investment. She is also an independent non-executive director and audit chair of Pacific Assets Trust plc.

### Committee Membership:

Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee.

### Contribution:

The Nomination Committee has reviewed the contribution of Nandita Sahgal Tully in light of her proposed re-election at the forthcoming AGM, and her appointment as Chair of the Audit Committee at the conclusion of the AGM, and has assessed that she brings to the Board both financial services and investment management expertise with a particular focus on sustainability and ESG.

# Board of Directors

## Continued



### **Angus Franklin**

Independent Non-Executive Director

### **Appointment**

Appointed a Director on 1 January 2024.

### **Experience and other public company directorships:**

Angus Franklin was a former investment partner of Baillie Gifford & Co, where he worked for 28 years until April 2022, primarily managing portfolios of international equities. Latterly, he was head of the international alpha investment strategy and chaired the firm's investment management group. His previous responsibilities at Baillie Gifford & Co. included membership of the firm's management committee and chairing the audit committee. He is a Member of the Institute of Chartered Accountants in England and Wales. He is a member of the investment committee of the National Trust for Scotland.

### **Committee Membership:**

Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee.

### **Contribution:**

The Nomination Committee has reviewed the contribution of Angus Franklin in light of his proposed election at the forthcoming AGM and considers that he brings to the Board considerable expertise in investment management.



# Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 June 2024.

## Results and Dividend Policy

The financial statements for the Year indicate a total return attributable to equity shareholders for the year of £94,779,000 (2023 – £73,486,000) and an explanation for the Company's financial performance may be found in the Chair's Statement on pages 4 to 7.

On 9 November 2023, the Company declared first, second and third interim dividends, each of 9.50p per share, to be paid on 14 December 2023, 14 March 2024 and 13 June 2024.

The Company further announced, on 30 July 2024, the payment to shareholders on 12 September 2024 of a fourth interim dividend for the year of 10.00p per share (2023 – 12.75p) with an ex-dividend date of 15 August 2024 and a record date of 16 August 2024. This resulted in total dividends of 38.50p per share for the year ended 30 June 2024, an increase of 2.7% on the 37.50p per share paid for the prior year, which represented the 51<sup>st</sup> year of consecutive growth in the Company's annual dividend.

The Board is proposing to maintain the dividend policy of paying four quarterly interim dividends each year. In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to Shareholders for approval at the forthcoming AGM, as resolution 3.

## Principal Activity and Status

The Company, which was incorporated in 1923, is registered as a public limited company in Scotland under company number SC012725 and is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 July 2012. The Directors are of the opinion that the Company has conducted its affairs during the Year so as to enable it to comply with the ongoing requirements for investment trust status. The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

## Capital Structure and Voting Rights

At 30 June 2024, the Company had 104,685,001 (2023 – 111,720,001) fully paid Ordinary shares of 25p each in issue, with voting rights, and an additional 14,844,531 (2023 – 7,809,531) shares in Treasury. During the Year, 7,035,000 Ordinary shares were bought back into Treasury (2023 – 4,970,471).

Since the year end, up to the date of this Report, the Company has bought back a further 1,005,021 Ordinary shares into treasury. Accordingly, as at the date of this Report, the Company's issued share capital consisted of 103,679,980 Ordinary shares of 25 pence each and 15,849,552 Ordinary shares held in treasury.

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding shares in Treasury, carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may be applied from time to time by law (for example, laws prohibiting insider trading).

## Manager and Company Secretary

The Manager has been appointed by the Company, under a management agreement, to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by the Investment Manager by way of a group delegation in place with the Manager. In addition, the Manager has sub-delegated promotional activities to the Investment Manager and administrative and secretarial services to abrdn Holdings Limited.

On 30 August 2024, the Company announced revised terms for the management agreement with effect from 1 July 2024, under which the Manager is entitled to an annual fee of 0.35% on up to £1.1 billion of net assets and 0.25% on any net assets in excess of £1.1 billion.

Until 30 June 2024, annual fees under the management agreement were charged on the same basis as above, other than the applicable rate was: 0.55% on the first £350 million of net assets, 0.45% on net assets between £350 million and £450 million and 0.25% on any net assets in excess of £450 million.



# Directors' Report

## Continued

The value of any investments in unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager, or another company within abrdn, is the operator, manager or investment adviser, is deducted from net assets when calculating the fee.

The management agreement is terminable on not less than three months' notice. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

An annual secretarial fee of £75,000 (plus applicable VAT) is payable to abrdn Holdings Limited, which is chargeable 100% to revenue. An annual fee equivalent to up to 0.05% of gross assets (calculated at 30 September each year, and capped at £400,000, excluding VAT) is paid to the Investment Manager to cover promotional activities undertaken on behalf of the Company.

The finance costs and investment management fees are charged 70% to capital and 30% to revenue in line with the Board's expectation of the split of future investment returns.

The management, secretarial and promotional activity fees paid to subsidiaries of abrdn during the Year are shown in notes 4 and 5 to the financial statements.

### External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services including: the management of the investment portfolio, the day-to-day accounting and company secretarial requirements, the depositary services (which include cash monitoring, the custody and safeguarding of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements) and the share registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. In addition, ad hoc reports and information are supplied to the Board as requested.

### Directors

As at the date of this Report, the Board consisted of a non-executive Chair and four non-executive Directors.

Peter Tait, Stephanie Eastment, Alan Giles and Nandita Sahgal Tully were Directors throughout the Year. Neil Rogan and Merryn Somerset Webb retired from the Board on 7 November 2023. Angus Franklin was appointed as a Director on 1 January 2024.

Peter Tait was the Company's Senior Independent Director ("SID") until 7 November 2023, when he became Chair of the Board and Alan Giles succeeded him as SID.

### The Role of the Chair and Senior Independent Director

The Chair is responsible for providing effective leadership to the Board, by setting the tone of the Company, demonstrating objective judgement and promoting a culture of openness and debate. The Chair facilitates the effective contribution of, and encourages active engagement by, each Director. In conjunction with the Company Secretary, the Chair ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chair acts upon the results of the Board evaluation process by recognising strengths and addressing any weaknesses and also ensures that the Board engages with major shareholders and that all Directors understand shareholder views.

The SID acts as a sounding board for the Chair and acts as an intermediary for other directors, when necessary. The SID takes responsibility for an orderly succession process for the Chair and leads the annual appraisal of the Chair's performance. The SID is also available to shareholders to discuss any concerns they may have.

### Management of Conflicts of Interest, Anti-Bribery Policy and Tax Evasion Policy

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his/her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his/her wider duties is affected. Each Director is required to notify the Company Secretaries of any potential, or actual, conflict situations which will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

The Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. abrdn also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country and its full policy on tax evasion may be found on its website.

## Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of, and will give due regard to, the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of Directors. The Board will continue to

ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. The Board will take account of the targets set out in the FCA's Listing Rules, which are set out below.

The Board has resolved that the Company's year end date is the most appropriate date for disclosure purposes. The following information has been provided by each Director through the completion of questionnaires.

Table for reporting on sex as at 30 June 2024

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
Men	3	60%			
Women	2	40% (note 1)	n/a (note 3)	n/a (note 3)	n/a (note 3)
Not specified/prefer not to say	-	-			

Table for reporting on ethnic background as at 30 June 2024

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	4	80%			
Asian/Asian British	1 (note 2)	20%	n/a (note 3)	n/a (note 3)	n/a (note 3)
Not specified/prefer not to say	-	-			

### Notes:

1. Meets target that at least 40% of Directors are women as set out in LR 9.8.6R (9)(a)(i).
2. Meets target that at least one Director is from a minority ethnic background as set out in LR 9.8.6R (9)(a)(iii).
3. This column is not applicable as the Company is externally managed and does not have any executive staff, specifically it does not have either a CEO or CFO. The Company considers that the roles of Chair of the Board, Senior Independent Director and Chair of the Audit Committee are senior board positions and accordingly that the Company meets in spirit the requirement that at least one of the senior board positions is held by a woman. The Company notes that, with effect from the conclusion of the AGM on 5 November 2024, one of the four senior board positions, as set out in LR 9.8.6R (9)(a)(ii), will be occupied by a woman.

# Directors' Report

## Continued

### Directors' Insurance and Indemnities

The Company's Articles of Association indemnify each of the Directors out of the assets of the Company against any liabilities incurred by them as a Director of the Company in defending proceedings, or in connection with any application to the Court in which relief is granted. In addition, the Directors have been granted qualifying indemnity provisions by the Company which are currently in force. Directors' and Officers' liability insurance cover has been maintained throughout the Year at the expense of the Company.

### Corporate Governance

The Company is committed to high standards of corporate governance and its Statement of Corporate Governance is set out on page 46.

### Matters Reserved for the Board

The Board sets the Company's objectives and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring requirements such as approval of the Half-Yearly Report and Annual Report and financial statements and approval and recommendation of any dividends;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share buybacks and share issuance;
- Board appointments and removals and the related terms;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the Management Agreement relating thereto; and

- London Stock Exchange/Financial Conduct Authority – responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

Full and timely information is provided to the Board to enable it to function effectively and to allow the Directors to discharge their responsibilities.

### Board Committees

The Board has appointed a number of Committees as set out below. Copies of their terms of reference, which define the responsibilities and duties of each Committee, are available on the Company's website.

### Audit Committee

The Audit Committee Report is on pages 51 to 53.

### Management Engagement Committee

The terms and conditions of the Company's agreement with the Manager, set out on pages 37 and 38, are considered by the Management Engagement Committee which comprises the whole Board and was chaired by Neil Rogan until 7 November 2023 and by Peter Tait thereafter. The key responsibilities of the Management Engagement Committee include:

- monitoring and evaluating the performance of the Manager;
- assessing the Manager's discharge of its responsibilities under Consumer Duty;
- reviewing, at least annually, the continued retention of the Manager; and
- reviewing, at least annually, the terms of appointment of the Manager including, but not limited to, the level and methodology of the management fees as well as the notice period of the Manager.

In monitoring the performance of the Manager, the Committee considers the investment record of the Company over the short and long term, taking into account its performance against the Benchmark, peer group investment trusts and open-ended funds, and against its delivery of the investment objective to shareholders. The Committee also reviews the management processes, risk control mechanisms and promotional activities of the Manager.

At its meeting in May 2024, the Committee reviewed covering all of the services provided to the Company by the Manager including investment management, risk management and internal controls, marketing and investor relations, company secretarial and administration services, and also included consideration as to the

appropriateness of the management fee arrangements. In light of the outcome of the review, the Directors consider the continuing appointment of the Manager, on the current terms, to be in the best interests of shareholders because they believe that the Manager has the investment management, promotional and associated secretarial and administrative skills required for the effective operation of the Company.

### Consumer Duty

The FCA's Consumer Duty rules, published in July 2022, are a fundamental component of the FCA's consumer protection strategy and aim to improve outcomes for retail customers across the entire financial services industry through the assessment of various outcomes, one of which is an assessment of whether a product provides value. Under the Consumer Duty, the Manager is the product 'manufacturer' of the Company and therefore the Manager was required to publish an annual assessment of value from April 2023. The Manager uses its proprietary assessment methodology to assess the Company as 'expected to provide fair value for the reasonably foreseeable future'. The Committee reviewed the Manager's basis of assessment and no concerns were identified with either the assessment method or the outcome of the assessment.

### Nomination Committee

The Board has established a Nomination Committee, comprising all of the Directors, with Neil Rogan as Chair until 7 November 2023 and Peter Tait thereafter. The Committee is responsible for:

- determining the overall size and composition of the Board (including the skills, knowledge, experience and diversity);
- undertaking longer term succession planning, including setting a policy on tenure for Directors;
- undertaking an annual evaluation of the Directors, including establishing that each Director possesses the capacity to commit sufficient time to discharge their responsibilities;
- oversight of appointments to the Board, including open advertising or engagement of independent search consultants, with a view to attracting candidates from a wide range of backgrounds and with different experience, with due regard to the benefits of diversity on the Board;
- assessing, annually, the effectiveness and independence of each Director; and

- making recommendations for the election or re-election of any Director, having evaluated their individual performance, capacity and contribution.

The Committee's overriding priority in appointing new Directors is to identify the candidate with the optimal range of skills and experience to complement the existing Directors. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Directors. Nurole Limited, an independent search firm with no connection with the Company, was engaged in the search which resulted in the appointment of Angus Franklin as a Director during the Year.

The Committee has reviewed the Board succession plan and has commenced the recruitment of a new Director who is expected to be appointed by early 2025.

During the Year, through the work of the Nomination Committee, the Directors undertook a review of the Board, its Committees and the performance of individual Directors. The process involved the completion of questionnaires by each Director with the results discussed by the Board thereafter, with appropriate action points agreed. Following the evaluation process, the Board concluded that it operates effectively to promote the success of the Company and that each Director makes a significant contribution to the collective Board. The review of the Chair was undertaken by the Senior Independent Director.

The biographies of each of the Directors seeking re-election are shown on pages 34 to 36 and include their experience, length of service and the contribution that each Director makes to the Board. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company.

### Policy on Tenure

The Committee has adopted a policy whereby all Directors will stand for re-election at each AGM. In addition Directors, including the Chair, will not stand for re-election as a Director of the Company later than the AGM following the ninth anniversary of their appointment to the Board unless in relation to exceptional circumstances.

# Directors' Report

## Continued

### Re-election of Directors

During the Year, each Director attended all meetings for which they were eligible, as set out in the table. The Board meets more frequently when business needs require:

	Board Meetings (7)	Audit Committee Meetings (3)	Management Engagement Committee Meetings (1)	Nomination Committee Meetings (3)	Remuneration Committee Meetings (1)
Peter Tait <sup>A</sup>	7	1	1	3	1
Alan Giles	7	3	1	3	1
Stephanie Eastment	7	3	1	3	1
Nandita Sahgal Tully	7	3	1	3	1
Angus Franklin <sup>B</sup>	3	2	1	2	1
Neil Rogan <sup>A, C</sup>	3	-	-	-	-
Merryn Somerset Webb <sup>C</sup>	3	1	-	-	-

<sup>A</sup> The Chair of the Board is not a member of the Audit Committee but attended all of the meetings at the invitation of the Committee Chair. Peter Tait succeeded Neil Rogan as Chair of the Board on 7 November 2023.

<sup>B</sup> Appointed a Director on 1 January 2024.

<sup>C</sup> Resigned as a Director on 7 November 2023.

The Board as a whole believes that Peter Tait, Stephanie Eastment, Nandita Sahgal Tully and Angus Franklin each remains independent of the Manager and free of any relationship which could materially interfere with the exercise of his or her independent judgement on issues of strategy, performance, resources and standards of conduct and confirms that, following formal performance evaluations, the individuals' performance continues to be effective and demonstrates commitment to the role.

Alan Giles is not standing for re-election as a Director and will retire from the Board at the conclusion of the AGM. Peter Tait, Stephanie Eastment and Nandita Sahgal Tully, each being eligible, offer themselves for re-election as Directors of the Company at the AGM on 5 November 2024. Angus Franklin, being eligible, offers himself for election as a Director of the Company.

### Remuneration Committee

The Board has established a Remuneration Committee, comprising all of the Directors, whose Chair was Peter Tait until 7 November 2023, when he was succeeded by Alan Giles. The Directors' Remuneration Report on 47 to 50 sets out the responsibilities of the Committee and work undertaken by the Committee during the Year.

### Accountability and Audit

The responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 54, 60, 61 and 62.

The Directors who held office at the date of this Report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they could reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. Further, there have been no important, additional events since the year end which warrant disclosure. The Directors confirm that no non-audit services were provided by the auditor during the Year and, after reviewing the auditor's procedures in connection with the provision of any such services, remain satisfied that the auditor's objectivity and independence is being safeguarded.

### Going Concern

The Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. This conclusion is consistent with the longer term Viability Statement on page 22.

The Company's assets consist primarily of a diverse portfolio of listed equity shares nearly all of which, in most circumstances, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking and loan note covenants.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 17 to 21, and have reviewed forecasts detailing revenue and liabilities. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of this Annual Report.



## Relations with Shareholders

The Directors place great importance on communication with shareholders noting that the Company's shareholder register is retail-dominated. The Manager, together with the Company's broker, regularly meets with current and prospective shareholders to discuss performance. The Board receives investor relations updates from the Manager on at least a quarterly basis. Any changes in the shareholder register as well as shareholder feedback is discussed by the Directors at each Board meeting.

Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets and company announcements, including daily net asset values, all of which are available through the Company's website at: [murray-income.co.uk](http://murray-income.co.uk). The Annual Report is also widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website or by contacting the Company via email to: [new.india@abrdn.com](mailto:new.india@abrdn.com).

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or abrdn) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chair responds, as appropriate, on behalf of the Board.

In addition, in relation to institutional shareholders, members of the Board may be either accompanied by the Manager or conduct meetings in the absence of the Manager.

The Company's Annual General Meeting ordinarily provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager. The Notice of AGM included within the Annual Report is normally sent out at least 20 working days in advance of the meeting.

The Company will also hold an online presentation for existing and potential shareholders on 17 October 2024. Further information on how to register may be found in the Chair's Statement on page 7.

## Relations with Suppliers, Customers and Others

The Directors have regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year; further information on the Company's responsibilities under Section 172 of Companies Act 2006 may be found on pages 24 and 25.

## Independent Auditor

Shareholders approved the re-appointment of PricewaterhouseCoopers LLP as the Company's auditor at the AGM on 7 November 2023 and resolutions to approve its re-appointment for the year to 30 June 2025, and to authorise the Audit Committee to determine its remuneration, will be proposed at the forthcoming AGM.

## Substantial Interests

As at 30 June 2024 and 31 August 2024 the following interests over 3% in the issued Ordinary share capital of the Company (excluding treasury shares) had been disclosed in accordance with the requirements of the FCA's Guidance and Transparency Disclosure Rules:

Shareholder	30 June 2024		31 August 2024	
	Number of shares held	% held	Number of shares held	% held
Interactive Investor (execution only)	24,953,313	23.8	24,652,971	23.7
Hargreaves Lansdown (execution only)	15,848,366	15.1	15,782,138	15.2
Rathbones	10,361,162	9.9	10,129,234	9.7
A J Bell (execution only)	4,214,331	4.0	4,252,875	4.1
Halifax Share Dealing (execution only)	3,543,971	3.4	3,504,149	3.4

The Company had not been notified of any change to the above interests, at 31 August 2024, as at the date of approval of this Report.

## Future Developments of the Company

Disclosures relating to the future developments of the Company may be found in the Chair's Statement on pages 6 and 7.

# Directors' Report

## Continued

### Disclosures Required by FCA Listing Rule 9.8.4

This rule requires listed companies to report certain information in a single identifiable section of their annual financial reports. None of the prescribed information is applicable to the Company in the Year.

### Financial Instruments

The financial risk management objectives and policies arising from financial instruments and the exposure of the Company to risk are disclosed in note 18 to the financial statements.

### Annual General Meeting ("AGM")

Among the special business being put at the AGM of the Company to be held on 5 November 2024, the following resolutions will be proposed:

#### Authority to allot shares and disapply pre-emption rights (Resolutions 10 and 11)

Ordinary resolution 10 will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1.3m (equivalent to approximately 5.2m Ordinary shares, or, if less, 5% of the Company's existing issued share capital (excluding treasury shares) on the date of passing of this resolution). Such authority will expire on the date of the AGM in 2025 or on 31 December 2025, whichever is earlier. This means that the authority will require to be renewed at the next AGM.

When shares are to be allotted for cash, Section 561 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares to be issued, or sold from treasury, must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares or sell from treasury otherwise than by a pro rata issue to existing shareholders. Special resolution 11 will, if passed, give the Directors power to allot for cash or sell from treasury equity securities up to an aggregate nominal amount of £2.6m (equivalent to approximately 10.4m Ordinary shares, or, if less, 10% of the Company's existing issued share capital (excluding treasury shares) on the date of passing of this resolution, as if Section 561 of the Act does not apply). This authority will also expire on the date of the AGM in 2025 or on 31 December 2025, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authorities given by resolutions 10 and 11 to allot shares or sell shares from treasury and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. It is the intention of the Board that any issue of shares or any re-sale of treasury shares would only take place at a price not less than 0.5% above the NAV per share prevailing at the date of sale. It is also the intention of the Board that sales from treasury would only take place when the Board believes that to do so would assist in the provision of liquidity to the market.

#### Purchase of the Company's own Ordinary shares (Resolution 12)

At the AGM held on 7 November 2023, shareholders approved the renewal of the authority permitting the Company to repurchase its Ordinary shares. The Directors wish to renew the authority given by shareholders at the previous AGM. A share buyback facility enhances shareholder value by acquiring shares at a discount to NAV as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to NAV per share, should result in an increase in the NAV per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the NAV per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the AGM.

Under the FCA's Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares. Special resolution 12 will renew the authority to purchase in the market a maximum of 14.99% of shares in issue at the date of passing of the resolution (amounting to approximately 15.5m Ordinary shares). Such authority will expire on the date of the AGM in 2025, or on 31 December 2025, whichever is earlier. This means in effect that the authority will have to be renewed at the next AGM, or earlier, if the authority has been exhausted. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. The benefit of the ability to hold treasury shares is that such shares may be sold at short notice. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares.

### **Recommendation**

The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings, amounting to 21,404 Ordinary shares, representing 0.02% of the Company's issued share capital (excluding treasury shares) at 30 June 2024.

### **On behalf of the Board**

**Peter Tait**

Chair

17 September 2024

# Statement of Corporate Governance

Murray Income Trust PLC (the "Company") is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: [frc.org.uk](https://www.frc.org.uk), and is applicable for the Company's Year.

The Board has also considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: [theaic.co.uk](https://theaic.co.uk).

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The Board confirms that, during the Year, the Company has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except for those provisions relating to:

- the role and responsibility of the chief executive;
- executive directors' remuneration; and
- the requirement for an internal audit function.

The Board considers that these provisions are not relevant to the position of the Company being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Information on how the Company has applied the AIC Code, the UK Code, the Companies Act 2006 and the FCA's DTR 7.2.6 can be found in the Annual Report as follows:

- the composition and operation of the Board and its Committees are detailed on pages 38 to 42, and on page 51 in respect of the Audit Committee;
- the Board's policy on diversity, and related information, is on page 39;
- the Company's approach to internal control and risk management is detailed on pages 51 and 52;
- the contractual arrangements with the Manager are set out on pages 37 and 38 while details of the annual assessment of the Manager may be found on page 40 and 41;
- the Company's capital structure and voting rights are summarised on page 37;
- the substantial interests disclosed in the Company's shares are listed on page 43;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on pages 47 and 48. There are no agreements between the Company and its Directors concerning compensation for loss of office; and
- the powers to issue or buyback the Company's ordinary shares, which are sought annually, and any amendments to the Company's Articles of Association require a special resolution (75% majority) to be passed by shareholders and information on these resolutions may be found on pages 44 and 45.

**By order of the Board**  
**abrdn Holdings Limited, Secretaries**

1 George Street  
Edinburgh  
EH2 2LL

17 September 2024

# Directors' Remuneration Report

The Remuneration Committee, established by the Board, has prepared this Directors' Remuneration Report which consists of three parts:

- a) a Remuneration Policy, which is subject to a binding shareholder vote every three years, was most recently voted on at the AGM on 7 November 2023 where the result of the poll on the relevant resolution was: For – 33,554,452 votes (99.2%); Against – 277,825 votes (0.8%); and Withheld – 217,548 votes. The Remuneration Policy will be put to a shareholder vote no later than the AGM in 2026;
- b) an annual Implementation Report, which is subject to an advisory vote; and
- c) an Annual Statement.

The fact that the Remuneration Policy is subject to a binding vote at least every three years does not imply any change on the part of the Company. The principles remain the same as for previous years. There has been no change to the Remuneration Policy during the period of this Report, since the AGM on 7 November 2023.

The law requires the Company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The independent auditor's opinion is included on pages 55 to 62.

## Remuneration Policy

This part of the Report provides details of the Company's Policy for Directors of the Company, which takes into consideration corporate governance principles, and which was approved by shareholders at the AGM on 7 November 2023. The Board considers, where raised, shareholders' views on Directors' remuneration.

Fees for Directors are determined by the Board within the limit stated in the Company's Articles of Association (the "Articles"). The Articles limit aggregate fees to £250,000 per annum. The limit can be amended by shareholder resolution and was last increased at the AGM in 2017.

The remuneration of Directors is reviewed annually, although such review may not necessarily result in any change. The annual review ensures that remuneration supports the strategic objectives of the Company, reflects Directors' duties and responsibilities, expected time commitment, the level of skills and experience required, and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity. Remuneration should be fair and comparable to that of similar investment trusts.

The Policy applies to any new Directors who will be paid the appropriate fee based on the Directors' fees level in place at the date of appointment.

- The Company has no employees and consequently has no policy on the remuneration of employees.
- All the Directors are non-executive and are appointed under the terms of letters of appointment.
- Directors do not have service contracts.
- No incentive or introductory fees will be paid to encourage a directorship.
- Directors' remuneration is not subject to any performance-related fee.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are not entitled to exit payments or any compensation for loss of office.
- Directors are entitled to be reimbursed for any reasonable expenses properly incurred in the performance of their duties.
- Directors can be paid additional discretionary payments for services which, in the opinion of the Directors, are outside of the scope of the ordinary duties of a Director.
- The terms of appointment provide that a Director may be removed subject to three months' written notice.
- Directors must retire and be subject to re-election at the first AGM after their appointment; the Company has also determined that every Director will stand for re-election at each AGM.
- No Director will stand for re-election as a Director of the Company later than the AGM following the ninth anniversary of their appointment to the Board unless in relation to exceptional circumstances.



# Directors' Remuneration Report

## Continued

- The Company indemnifies its Directors for all costs, charges, losses together with certain expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

## Implementation Report

### Directors' Fees

The level of fees for the Year and the preceding year are set out in the table below. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

	30 June 2024 £	30 June 2023 £
Chair	43,125	41,200
Audit Committee Chair	35,950	34,300
Senior Independent Director	31,625	30,200
Director	28,750	27,500

Directors' fees were last revised on 1 July 2023. The Board carried out a review of Directors' annual fees during the Year by reference to inflation, measured by the increase in the Consumer Prices Index since 1 July 2023, and taking account of peer group comparisons by sector and by market capitalisation. Following this review, it was decided that the Directors' base fee would be increased by approximately 3.5% (2023 – 4.5%), with similar increases for other positions. With effect from 1 July 2024, Directors' fees are £44,625 for the Chair, £37,200 for the Audit Committee Chair, £32,725 for the Senior Independent Director and £29,750 for the other Directors.

These increased fees are considered to reflect increases in inflation and to be commensurate with the time commitment required of Directors of the Company to adequately discharge their responsibilities, taking into account increasingly complex and onerous regulatory requirements.

### Company Performance

The graph shows the share price total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the ten year period ended 30 June 2024 (rebased to 100 at 30 June 2014). This index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



### Statement of Proxy Voting at Annual General Meeting

At the Company's latest AGM, held on 7 November 2023, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 June 2023, where the result of the poll on the relevant resolution was: For – 33,676,593 (99.4%); Against – 192,560 votes (0.6%); and Withheld – 180,672 votes.

## Audited Information

### Directors' Remuneration

The Directors received remuneration in the form of fees and taxable expenses as set out in the tables on the following page.

The Directors' remuneration excludes any employers' national insurance contributions, if applicable. All remuneration is fixed in nature and there is no variable remuneration. Fees are pro-rated where a change takes place during a financial year. No payments were made to third parties. There are no other fees to disclose as the Company has no employees, chief executive or executive directors. Taxable expenses refer to amounts claimed by Directors for travelling to attend meetings.

## Directors' Remuneration Table (audited)

	Year ended 30 June 2024			Year ended 30 June 2023		
	Fees £	Taxable Expenses £	Total £	Fees £	Taxable Expenses £	Total £
Peter Tait (appointed Chair on 7 November 2023)	39,068	573	39,641	30,200	907	31,107
Stephanie Eastment	35,950	511	36,461	34,300	188	34,488
Alan Giles (appointed SID on 7 November 2023)	30,611	371	30,982	27,500	91	27,591
Nandita Sahgal Tully	28,750	476	29,226	27,500	204	27,704
Angus Franklin (appointed a Director on 1 January 2024)	14,375	-	14,375	n/a	n/a	n/a
Neil Rogan (retired as a Director on 7 November 2023)	15,213	1,446	16,659	41,200	502	41,702
Merryn Somerset Webb (retired as a Director on 7 November 2023)	10,142	-	10,142	27,500	1,312	28,812
<b>Total</b>	<b>174,109</b>	<b>3,377</b>	<b>177,486</b>	<b>188,200</b>	<b>3,204</b>	<b>191,404</b>

## Annual Percentage Change in Directors' Remuneration

The table below sets out, for the Directors who served during the Year, the annual percentage change in Directors' fees for the past five years.

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020
	Fees %	Fees %	Fees %	Fees %	Fees %
Peter Tait (appointed SID on 2 November 2021 and Chair on 7 November 2023)	29.4 <sup>C</sup>	5.6	12.1	0.0	0.0
Stephanie Eastment	4.8	2.4	11.7	0.0	14.3
Alan Giles (appointed on 17 November 2020)	11.3 <sup>C</sup>	2.6	68.9 <sup>B</sup>	See note <sup>A</sup>	n/a
Nandita Sahgal Tully (appointed on 3 November 2021)	4.5	55.2 <sup>B</sup>	See note <sup>A</sup>	n/a	n/a
Angus Franklin (appointed on 1 January 2024)	See note <sup>A</sup>	n/a	n/a	n/a	n/a
Neil Rogan (retired on 7 November 2023)	See note <sup>A</sup>	2.5	7.2	0.0	0.0
Merryn Somerset Webb (appointed on 7 August 2019 and retired on 7 November 2023)	See note <sup>A</sup>	2.6	5.1	11.0 <sup>B</sup>	See note <sup>A</sup>

<sup>A</sup> A meaningful percentage change figure cannot be calculated in the year of appointment or for a year when a Director resigns/retires.

<sup>B</sup> If the Director had been appointed for the whole of the previous year, the annual change figure would have been nil for Merryn Somerset Webb, 5.1% for Alan Giles and 2.6% for Nandita Sahgal Tully.

<sup>C</sup> In a year of change to a more senior role, and in the following year, the percentage change figures will be distorted to show a higher figure than the 'real' change of fee levels in the year.

# Directors' Remuneration Report

## Continued

### Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. However, for ease of reference, the total fees paid to Directors are shown in the table on page 49 while dividends paid to shareholders are set out in note 7 and share buybacks are detailed in note 15.

### Directors' Interests in the Company (audited)

The Directors are not required to have a shareholding in the Company. The Directors (including their persons closely associated) at 30 June 2024, and 30 June 2023, had no interest in the share capital of the Company other than those interests shown below, all of which are beneficial interests, unless indicated otherwise:

Director	30 June 2024 Ord 25p	30 June 2023 Ord 25p
Peter Tait	7,000	7,000
Alan Giles	5,000	5,000
Stephanie Eastment	4,500 <sup>A</sup>	4,500 <sup>A</sup>
Nandita Sahgal Tully	560	560
Angus Franklin	6,044	n/a
Neil Rogan	44,719 <sup>B</sup>	44,719
Merryn Somerset Webb	3,449 <sup>B</sup>	3,449

<sup>A</sup> Of which 1,700 shares were held non-beneficially

<sup>B</sup> As at date of retirement on 7 November 2023

There have been no changes to the Directors' interests in the share capital of the Company since the year end up to the date of approval of this Report.

### Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the Year:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the Year; and
- the context in which the changes occurred and in which decisions have been taken.

### On behalf of the Board

**Alan Giles**

Chair of the Remuneration Committee  
17 September 2024

# Audit Committee Report

Stephanie Eastment is Chair of the audit committee, membership of which comprises all of the Directors of the Company, with the exception of the Chair of the Board. In compliance with the July 2018 UK Code on Corporate Governance (the "Code"), the Chair of the Board is not a member of the committee but attends the committee by invitation of the committee Chair.

The Directors have satisfied themselves that at least two of the committee's members have recent and relevant financial experience – Stephanie Eastment and Nandita Sahgal Tully are both Fellows, and Angus Franklin is a Member, of the Institute of Chartered Accountants in England & Wales – and that, collectively, the committee possesses competence relevant to investment trusts.

The committee meets at least twice each year, in line with the cycle of annual and half-yearly reports, which is considered by the Directors to be a frequency appropriate to the size and complexity of the Company.

## Role of the Audit Committee

In summary, the committee's main audit review functions are:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (see "Internal Controls and Risk Management", below);
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the external auditor to review their proposed audit programme of work and the findings as auditor;
- to develop and implement a policy on the engagement of the auditor to supply non-audit services;

- to review a statement from the Manager detailing the arrangements in place for the Manager's staff, in confidence, to escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to oversee and manage audit tenders and selection processes, to make recommendations to the Board in relation to the appointment of the auditor and removal of the auditor and to approve the remuneration and terms of engagement of the auditor;
- to monitor and review annually the auditor's independence, objectivity, effectiveness, resources and qualification; and
- to investigate the reasons giving rise to any resignation of the auditor and consider whether any action is required.

The committee fulfilled all the above required roles and responsibilities during the Year.

## Internal Controls and Risk Management

Through the committee, the Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The committee confirms that there is a robust process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the Year and up to the date of approval of the Annual Report and Financial Statements, and that it is regularly reviewed by the Board and accords with the risk management and internal control guidance for directors in the Code.

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs extends to operational and compliance controls and risk management.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Manager's Internal Audit department which undertakes periodic examination of business processes and ensures that recommendations to improve controls are implemented.

# Audit Committee Report

## Continued

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC and AIC Code guidance, and includes financial, regulatory, market, operational and reputational risks. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The principal risks and uncertainties facing the Company are identified on pages 17 to 21 of this Report.

The key components designed to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course, the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers and the committee reviews, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations; in particular, the Board receives equivalent assurance from Link Group, the Company's Registrar; and
- at its September 2024 meeting, the committee carried out its annual assessment of internal controls for the Year including the internal audit and compliance functions, and taking account of events since 30 June 2024.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations. A senior member of the Manager's Internal Audit department reports six-monthly to the committee and has direct access to the Directors at any time.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by their nature, can only provide reasonable, and not absolute, assurance against misstatement and loss.

### Significant Risks for the Audit Committee

During its review of the Company's financial statements for the Year, the committee considered the following significant risks including, in particular, those communicated by the auditor as key areas of audit emphasis during their planning and reporting of the year end audit:

#### Valuation and Existence of Investments

##### How the risk was addressed

The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 2(e) to the financial statements. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 102 fair value hierarchy and can be verified against daily market prices. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board. The Company used the services of an independent depositary (BNP Paribas Trust Corporation UK Limited until 31 May 2024 and BNP Paribas SA, London Branch thereafter) through which the assets of the Company were held. The depositary confirmed that the accounting records correctly reflected all investee holdings and that these agreed to custodian records.

#### Income Recognition

##### How the risk was addressed

The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors also review, at each meeting, the Company's income, including income received, revenue forecasts and dividend comparisons.



## Internal Auditor

The Board has considered the need for an internal audit function but, because the Company is externally-managed, the Board has decided to place reliance on the Manager's risk management/internal controls systems and internal audit procedures.

## External Auditor

### Review of the Auditor

The committee has reviewed the effectiveness of the auditor including:

- independence – the auditor discusses with the committee, at least annually, the steps it takes to ensure its independence and objectivity, including the level of non-audit fees it has received from the Company, and makes the committee aware of any potential issues, explaining all relevant safeguards;
- quality of audit work including the ability to resolve issues in a timely manner – identified issues are satisfactorily and promptly resolved;
- its communications/presentation of outputs – the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible, and working relationship with management – the auditor has a constructive working relationship with the Manager; and
- quality of people and service including continuity and succession plans – the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention of that knowledge on rotation of the partner.

For the Year, the committee was satisfied with the auditor's effectiveness, independence and the objectivity of the audit process.

## Re-appointment of the Auditor

This year's audit of the Company's Annual Report is the fifth performed by PricewaterhouseCoopers LLP since their appointment following an audit tender process held by the Company in 2019.

Shareholders will have the opportunity to vote on the re-appointment of PricewaterhouseCoopers LLP as auditor and to authorise the committee to approve the auditor's remuneration, as Ordinary Resolutions 8 and 9, at the AGM on 5 November 2024.

## Provision of Non-Audit Services

The committee has put in place a policy on the supply of non-audit services provided by the auditor. Such services are considered on a case-by-case basis and may only be provided if the service is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest or prevent the auditor from remaining objective and independent. All non-audit services require the pre-approval of the committee. No non-audit fees were paid to the auditor during the Year (2023 – nil). The committee confirms that it has complied with Part 5.1 of the Competitions and Market Authority's Order 2014.

### Stephanie Eastment,

Chair of the Audit Committee  
17 September 2024

# Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- adopt a going concern basis of accounting for the financial statements unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The financial statements are published on **murray-income.co.uk** which is a website maintained by the Company's Manager. The work carried out by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since being initially presented on the website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms to the best of his or her knowledge that:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces;
- in the opinion of the Board, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- the financial statements are prepared on an ongoing concern basis.

**For and on behalf of the Board of Murray Income Trust PLC**

**Peter Tait**

Chair

17 September 2024

# Independent Auditors' Report to the Members of Murray Income Trust PLC

## Report on the audit of the financial statements

### Opinion

In our opinion, Murray Income Trust PLC's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its net return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 30 June 2024; the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

## Our audit approach

### Context

The Company is a standalone Investment Trust Company and engages abrdn Fund Managers Limited (the "AIFM") to manage its assets.

### Overview

#### Audit Scope

- We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the AIFM referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at the AIFM and adopted a fully substantive testing approach using reports obtained from the AIFM.

# Independent Auditors' Report to the Members of Murray Income Trust PLC

## Continued

### Key audit matters

- Income from investments.
- Valuation and existence of listed investments.

### Materiality

- Overall materiality: £9,902,000 (2023: £9,990,000) based on approximately 1% of Net assets.
- Performance materiality: £7,426,500 (2023: £7,492,500).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

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

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Income from investments</i></b></p> <p>Refer to the Audit Committee's Report, Accounting Policies and Notes to the Financial Statements.</p> <p>We focused on the accuracy, completeness and occurrence of dividend income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover.</p> <p>We also focused on the accounting policy for investment income recognition and its presentation in the Statement of Comprehensive Income for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP") as incorrect application could indicate a misstatement in income recognition.</p>	<p>We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to confirm that income had been accounted for in accordance with this stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy.</p> <p>We understood and assessed the design and implementation of key controls surrounding income recognition.</p> <p>We tested the accuracy of all dividend receipts by agreeing the dividend rates from investments to independent market data.</p> <p>We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements.</p> <p>To test for completeness, we tested, for all investment holdings in the portfolio, that all dividends declared in the market for investment holdings had been recorded.</p>

Key audit matter	How our audit addressed the key audit matter
	<p>We tested the allocation and presentation of dividend income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by determining the reasons behind dividend distributions.</p> <p>Based on the audit procedures performed and evidence obtained, we concluded that income from investments was not materially misstated.</p>
<p><b>Valuation and existence of investments</b></p> <p>Refer to the Audit Committee's Report, Accounting Policies and Notes to the Financial Statements.</p> <p>The investment portfolio at 30 June 2024 comprised listed equity investments of £1,074 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.</p>	<p>We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>We tested the existence of listed investments by agreeing the holdings to an independent confirmation from the Depositary, BNP Paribas SA, London Branch, as at 30 June 2024.</p> <p>No material misstatements were identified from this testing.</p>

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## The impact of climate risk on our audit

In planning our audit, we made enquiries of the Directors to understand the extent of the potential impact of climate change risk on the Company's financial statements. The Directors concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities. We also considered the consistency of the climate change disclosures included in the Principal Risks and Uncertainties with the financial statements and our knowledge from our audit.

## Materiality

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



# Independent Auditors' Report to the Members of Murray Income Trust PLC

## Continued

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£9,902,000 (2023: £9,990,000).
How we determined it	Approximately 1% of Net assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £7,426,500 (2023: £7,492,500) for the Company's financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £495,100 (2023: £499,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including the wider macroeconomic uncertainty;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in Net Asset Value ("NAV") as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

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

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### Directors' Remuneration

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

## Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

# Independent Auditors' Report to the Members of Murray Income Trust PLC

## Continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the AIFM and the Audit Committee, including specific enquiry of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing journal entries, in particular any material or revenue-impacting manual journal entries posted as part of the Annual Report preparation process; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

# Independent Auditors' Report to the Members of Murray Income Trust PLC

## Continued

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 5 November 2019 to audit the financial statements for the year ended 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 30 June 2020 to 30 June 2024.

**Gillian Alexander (Senior Statutory Auditor)**  
**for and on behalf of PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
Edinburgh  
17 September 2024



# Financial Statements



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Mercedes, a new holding purchased in the Year, has established a corporate goal of building the world's most desirable cars, reflecting evolving consumer aspirations. The Company forms part of the up to 20% of the portfolio which may be invested in non-UK listed equities.

# Statement of Comprehensive Income

		Year ended 30 June 2024			Year ended 30 June 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	Notes						
Gains on investments	10	-	58,747	58,747	-	32,602	32,602
Currency gains		-	-	-	-	733	733
Income	3	43,899	-	43,899	48,879	-	48,879
Investment management fees	4	(1,108)	(2,584)	(3,692)	(1,141)	(2,663)	(3,804)
Administrative expenses	5	(1,334)	-	(1,334)	(1,390)	-	(1,390)
<b>Net return before finance costs and tax</b>		<b>41,457</b>	<b>56,163</b>	<b>97,620</b>	<b>46,348</b>	<b>30,672</b>	<b>77,020</b>
Finance costs	6	(770)	(1,797)	(2,567)	(735)	(1,714)	(2,449)
<b>Net return before tax</b>		<b>40,687</b>	<b>54,366</b>	<b>95,053</b>	<b>45,613</b>	<b>28,958</b>	<b>74,571</b>
Taxation	8	(274)	-	(274)	(1,085)	-	(1,085)
<b>Net return after tax</b>		<b>40,413</b>	<b>54,366</b>	<b>94,779</b>	<b>44,528</b>	<b>28,958</b>	<b>73,486</b>
<b>Return per Ordinary share</b>	9	<b>37.4p</b>	<b>50.2p</b>	<b>87.6p</b>	<b>38.7p</b>	<b>25.2p</b>	<b>63.9p</b>

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 year.

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

# Statement of Financial Position

	Notes	As at 30 June 2024 £'000	As at 30 June 2023 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	10	1,073,534	1,098,311
<b>Current assets</b>			
Other debtors and receivables	11	12,512	7,274
Cash and cash equivalents	12	25,148	15,115
		37,660	22,389
<b>Creditors: amounts falling due within one year</b>			
Other payables		(7,056)	(5,997)
Bank loans		(6,282)	(6,378)
	13	(13,338)	(12,375)
<b>Net current assets</b>		24,322	10,014
<b>Total assets less current liabilities</b>		1,097,856	1,108,325
<b>Non-current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>			
2.51% Senior Loan Notes		(39,955)	(39,941)
4.37% Senior Loan Notes		(67,619)	(69,200)
	14	(107,574)	(109,141)
<b>Net assets</b>		990,282	999,184
<b>Capital and reserves</b>			
Share capital	15	29,882	29,882
Share premium account		438,213	438,213
Capital redemption reserve		4,997	4,997
Capital reserve		484,787	489,428
Revenue reserve		32,403	36,664
<b>Total Shareholders' funds</b>		990,282	999,184
<b>Net asset value per Ordinary share</b>	16		
Debt at fair value		957.9p	911.7p
Debt at par value		946.0p	894.4p

The financial statements were approved by the Board of Directors and authorised for issue on 17 September 2024 and were signed on its behalf by:

**Peter Tait**  
**Chair**

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

# Statement of Changes in Equity

## For the year ended 30 June 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2023		29,882	438,213	4,997	489,428	36,664	999,184
Net return after tax		-	-	-	54,366	40,413	94,779
Buyback of Ordinary shares for treasury	15	-	-	-	(59,007)	-	(59,007)
Dividends paid	7	-	-	-	-	(44,674)	(44,674)
<b>Balance at 30 June 2024</b>		<b>29,882</b>	<b>438,213</b>	<b>4,997</b>	<b>484,787</b>	<b>32,403</b>	<b>990,282</b>

## For the year ended 30 June 2023

	Notes	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		-	-	-	28,958	44,528	73,486
Buyback of Ordinary shares for treasury	15	-	-	-	(42,202)	-	(42,202)
Dividends paid	7	-	-	-	-	(41,355)	(41,355)
<b>Balance at 30 June 2023</b>		<b>29,882</b>	<b>438,213</b>	<b>4,997</b>	<b>489,428</b>	<b>36,664</b>	<b>999,184</b>

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

# Statement of Cash Flows

	Notes	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
<b>Operating activities</b>			
Net return before finance costs and taxation		97,620	77,020
(Decrease)/increase in accrued expenses		(703)	783
Overseas withholding tax		(1,332)	(1,458)
Increase in dividend income receivable		(422)	(324)
Decrease/(increase) in interest income receivable		32	(54)
Interest paid		(2,858)	(2,196)
Gains on investments	10	(58,747)	(32,602)
Amortisation of loan note expenses	6	14	12
Accretion of loan note book cost	6	(1,581)	(1,581)
Foreign exchange gains		-	(733)
(Increase)/decrease in other debtors		(2)	47
Stock dividends included in investment income	3	-	(1,006)
Net cash inflow from operating activities		32,021	37,908
<b>Investing activities</b>			
Purchases of investments		(177,080)	(180,130)
Sales of investments		259,782	218,912
Net cash inflow from investing activities		82,702	38,782
<b>Financing activities</b>			
Dividends paid	7	(44,674)	(41,355)
Buyback of Ordinary shares for treasury		(59,920)	(40,955)
Repayment of bank loans		(6,327)	(6,755)
Draw down of bank loans		6,270	6,664
Net cash outflow from financing activities		(104,651)	(82,401)
Increase/(decrease) in cash		10,072	(5,711)
<b>Analysis of changes in cash during the year</b>			
Opening balance		15,115	20,131
Effect of exchange rate fluctuations on cash held	17	(39)	695
Increase/(decrease) in cash as above	17	10,072	(5,711)
Closing balance		25,148	15,115
<b>Represented by:</b>			
Cash at bank and in hand	12	1,045	1,227
Money market funds	12	24,103	13,888
		25,148	15,115

The accompanying notes are an integral part of these financial statements.



# Notes to the Financial Statements

For the year ended 30 June 2024

## 1. Principal activity

The Company is a closed-end investment company, registered in Scotland No SC012725, with its Ordinary shares being listed on the London Stock Exchange.

## 2. Accounting policies

- (a) **Basis of preparation.** The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022. The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The accounting policies applied are unchanged from the prior year and have been applied consistently.

The Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. This conclusion is consistent with the longer term Viability Statement on page 22.

The Company's assets consist primarily of a diverse portfolio of listed equity shares nearly all of which, in most circumstances, are realisable within a very short timescale. The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking and loan note covenants. The Directors are mindful of the principal risks and uncertainties disclosed on pages 17 to 21, and have reviewed forecasts detailing revenue and liabilities. The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of this Annual Report.

- (b) **Income.** Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends receivable on or before the year end are treated as revenue for the year. Where the Company has elected to receive dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as revenue and any residual amount is recognised as capital. Provision is made for any dividends not expected to be received. Special dividends are credited to capital or revenue, according to the circumstances. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately within the Statement of Comprehensive Income.

Interest receivable from cash and short-term deposits and stock lending income is recognised on an accruals basis.

- (c) **Expenses.** All expenses are accounted for on an accruals basis. All expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

– transaction costs on the acquisition or disposal of investments are recognised as a capital item in the Statement of Comprehensive Income.

– expenses are charged as a capital item in the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the investment management fee has been allocated 30% to revenue and 70% to capital to reflect the Company's investment policy and prospective income and capital growth.

- (d) **Taxation.** Taxation represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

- (e) **Valuation of investments.** The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement. All investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for stocks traded on recognised stock exchanges. Gains and losses arising from changes in fair value are included in the net return for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.
- (f) **Cash and cash equivalents.** Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.
- (g) **Borrowings and finance costs.** Borrowings of interest bearing bank loans and 2.51% Senior Loan Notes are recognised initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest method. Borrowings of 4.37% Senior Loan Notes, which were novated to the Company on the merger with Perpetual Income and Growth Investment Trust plc, were recorded initially at their fair value of £73,344,000 and are amortised over the remaining life of the loan towards their redemption value of £60,000,000. The amortisation adjustment is presented as a finance cost. Finance costs accrue using the effective interest rate over the life of the borrowings and are allocated 30% to revenue and 70% to capital.
- (h) **Traded options.** The Company may enter into certain derivative contracts (eg options) to gain exposure to the market. The option contracts are classified as fair value through profit or loss, held for trading, and accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value ie market value. The premium on the option (as with written options generally) is treated as the option's initial fair value and is recognised over the life of the option in the revenue column of the Statement of Comprehensive Income along with fair value changes in the open position which occur due to the movement in underlying securities. Losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income as they arise. Where the Company enters into derivative contracts to manage market risk, gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

# Notes to the Financial Statements

## Continued

- (i) **Segmental reporting.** 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.

- (j) **Nature and purpose of reserves**

**Share capital.** The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. This is a non-distributable reserve.

**Share premium account.** The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p and includes the premium arising following the issue of shares on the combination with Perpetual Income and Growth Investment Trust plc on 17 November 2020. This is a non-distributable reserve.

**Capital redemption reserve.** The capital redemption reserve reflects the cancellation of Ordinary shares, when an amount equal to the par value of the Ordinary share capital is transferred from the share capital reserve to the capital redemption reserve. This is a non-distributable reserve.

**Capital reserve.** This reserve reflects any gains or losses on investments realised in the period along with any movements in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences. Additionally, expenses, including finance costs, are charged to this reserve in accordance with (b) and (f) above. When making a distribution to shareholders, the Directors determine profits available for distribution by reference to 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those distributions meeting the definition of qualifying consideration within the guidance and on available cash resources of the Company and other accessible sources of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

The capital reserve, to the extent it constitutes realised profits, is distributable. This may include unrealised (losses)/gains on investments where these are readily convertible to cash. The amount of the capital reserve that is distributable is complex to determine and is not necessarily the full amount of the reserve as disclosed within these financial statements of £484,787,000 as at 30 June 2024 as this is subject to fair value movements and may not be readily realisable at short notice.

**Revenue reserve.** This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve is distributable by way of dividend.

- (k) **Treasury shares.** When the Company buys back the Company's equity share capital as treasury shares, the amount of the consideration paid, including directly attributable costs and any tax effects, is recognised as a deduction from equity. When these shares are sold or reissued subsequently, the net amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.
- (l) **Dividends payable.** Final dividends are recognised from the date on which they are approved by Shareholders. Interim dividends are recognised when paid. Dividends are shown in the Statement of Changes in Equity.
- (m) **Foreign currency.** Transactions in foreign currencies are converted to Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Statement of Financial Position date. Exchange gains and losses are taken to the Statement of Comprehensive Income as a capital or revenue item depending on the nature of the underlying item.

- (n) **Significant estimates and judgements.** The Directors do not believe that any accounting estimates or judgements have been applied to these financial statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities.

### 3. Income

	2024 £'000	2023 £'000
<b>Income from investments</b>		
UK dividends (all listed):		
– ordinary	27,115	32,132
– special	-	353
Property income dividends	681	814
Overseas dividends (all listed)		
– ordinary	12,277	10,343
– special	-	756
Stock dividends	-	1,006
	40,073	45,404
<b>Other income</b>		
Deposit interest	64	34
Money Market interest	926	682
Traded option premiums	2,836	2,759
	3,826	3,475
<b>Total income</b>	<b>43,899</b>	<b>48,879</b>

There were no special dividends in the year (2023 – £1,109,000) which were recognised as being revenue in nature.

During the year, the Company received premiums totalling £2,836,000 (2023 – £2,759,000) in exchange for entering into derivative transactions. At the year end there were no open positions (2023 – none).

# Notes to the Financial Statements

## Continued

### 4. Investment management fees

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	1,108	2,584	3,692	1,141	2,663	3,804

The management fee is based on 0.55% per annum for net assets up to £350 million, 0.45% per annum on the next £100 million of net assets and 0.25% per annum for net assets over £450 million, calculated and payable monthly. The fee has been allocated 30% to revenue and 70% to capital. The management agreement is terminable on three months' notice. The fee payable to the Manager at the year end was £622,000 (2023 – £1,273,000).

Under the terms of the management agreement, the value of the Company's investments in other funds managed by abrdn is excluded from the calculation of the management fee. The Company held no such other funds managed by abrdn at the year end (2023 – none).

Subsequent to the year end, the Company and the Manager agreed to a change in the management fee arrangements. With effect from 1 July 2024, the management fee is to be based on 0.35% per annum for net assets up to £1.1 billion and 0.25% per annum for net assets over £1.1 billion, calculated and payable monthly.

### 5. Administrative expenses

	2024 £'000	2023 £'000
Shareholders' services <sup>A</sup>	406	418
Directors' remuneration <sup>B</sup>	174	188
Secretarial fees <sup>C</sup>	75	75
Registrars fees	68	76
Depositary fees	78	90
Custody fees	72	68
Printing and postage	41	61
Auditors' remuneration:		
– fees payable to the Company's auditors for the audit of the Company's annual financial statements	54	42
Legal and professional fees	50	38
Irrecoverable VAT	137	164
Other expenses	179	170
	<b>1,334</b>	<b>1,390</b>

<sup>A</sup> Includes savings scheme and other wrapper administration and promotion expenses, paid to the Manager under a delegation agreement with the Manager to cover promotional activities during the year. There was £98,000 (2023 – £106,000) due to the Manager in respect of these promotional activities at the year end.

<sup>B</sup> Refer to the Directors' Remuneration section of the Directors' Remuneration Report on page 49 for further details.

<sup>C</sup> Payable to the Manager, balance outstanding of £38,000 (2023 – £19,000) at the year end.



## 6. Finance costs

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdraft interest	152	356	508	118	274	392
2.51% Senior Loan Note	301	703	1,004	301	703	1,004
4.37% Senior Loan Note	787	1,835	2,622	787	1,835	2,622
Amortisation of 2.51% Senior Loan Note issue expenses	4	10	14	3	9	12
Amortisation of 4.37% Senior Loan Note	(474)	(1,107)	(1,581)	(474)	(1,107)	(1,581)
	770	1,797	2,567	735	1,714	2,449

Details of the Loan Notes and their amortisation are set out in note 14. Finance costs are allocated 30% to revenue and 70% to capital.

## 7. Ordinary dividends on equity shares

	2024		2023	
	Rate	£'000	Rate	£'000
Fourth interim dividend previous year	12.75p	14,100	11.25p	13,128
First interim dividend current year	9.50p	10,334	8.25p	9,556
Second interim dividend current year	9.50p	10,208	8.25p	9,431
Third interim dividend current year	9.50p	10,032	8.25p	9,337
Return of unclaimed dividends	-	-	-	(97)
		44,674		41,355

The fourth interim dividend for 2024 of 10.00p per Ordinary share has not been included as a liability in these financial statements as it was not paid until after the reporting date (12 September 2024).

The following table sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £40,413,000 (2023 – £44,528,000).

# Notes to the Financial Statements

## Continued

	2024		2023	
	Rate	£'000	Rate	£'000
Three interim dividends of 9.50p each (2023: three interim dividends of 8.25p each)	28.50p	30,574	24.75p	28,324
Fourth interim dividend	10.00p	10,428	12.75p	14,088
	38.50p	41,002	37.50p	42,412

## 8. Taxation

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>(a) Analysis of charge for the year</b>						
Overseas tax incurred	1,104	-	1,104	2,244	-	2,244
Overseas tax reclaimable	(830)	-	(830)	(1,159)	-	(1,159)
<b>Total tax charge for the year</b>	<b>274</b>	<b>-</b>	<b>274</b>	<b>1,085</b>	<b>-</b>	<b>1,085</b>

- (b) Factors affecting the tax charge for the year.** The UK corporation tax rate is 25% (2023 – 25%). The tax charge for the year is lower than the corporation tax rate (2023 – lower). The differences are explained below:

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Net return before taxation</b>	<b>40,687</b>	<b>54,366</b>	<b>95,053</b>	<b>45,613</b>	<b>28,958</b>	<b>74,571</b>
Net return multiplied by the effective rate of corporation tax of 25% (2023 – 20.5%)	10,172	13,592	23,764	9,351	5,936	15,287
Effects of:						
Non-taxable UK dividends	(6,853)		(6,853)	(6,057)		(6,057)
Non-taxable overseas dividends	(3,069)		(3,069)	(3,008)		(3,008)
Expenses not deductible for tax purposes	11		11	2		2
Movement in unutilised management expenses	(261)	1,095	834	(288)	897	609
Realised and unrealised gains on investments held	-	(14,687)	(14,687)	-	(6,683)	(6,683)
Currency movements not taxable	-	-	-	-	(150)	(150)
Overseas tax payable	274	-	274	1,085	-	1,085
<b>Total tax charge</b>	<b>274</b>	<b>-</b>	<b>274</b>	<b>1,085</b>	<b>-</b>	<b>1,085</b>

- (c) **Factors that may affect future tax charges.** No provision for deferred tax has been made in the current or prior accounting period.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £77,761,000 (2023 – £74,422,000). A deferred tax asset at the standard rate of corporation of 25% (2023 – 25%) of £19,440,000 (2023 – £18,606,000) has not been recognised and these expenses will only be utilised if the Company has profits chargeable to corporation tax in the future. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

## 9. Return per Ordinary share

	2024		2023	
	£'000	p	£'000	p
<b>Returns are based on the following figures:</b>				
Revenue return	40,413	37.4	44,528	38.7
Capital return	54,366	50.2	28,958	25.2
<b>Total return</b>	<b>94,779</b>	<b>87.6</b>	<b>73,486</b>	<b>63.9</b>
<b>Weighted average number of Ordinary shares in issue</b>	<b>108,144,845</b>		<b>114,958,339</b>	

## 10. Investments at fair value through profit or loss

	2024 £'000	2023 £'000
Opening book cost	989,936	1,017,087
Opening investment holdings gains	108,375	81,706
Opening fair value	1,098,311	1,098,793
<b>Analysis of transactions made during the year</b>		
Purchases at cost	180,045	183,338
Sales proceeds received	(263,569)	(216,422)
Gains on investments	58,747	32,602
<b>Closing fair value</b>	<b>1,073,534</b>	<b>1,098,311</b>

# Notes to the Financial Statements

## Continued

	2024 £'000	2023 £'000
Closing book cost	922,927	989,936
Closing investment gains	150,607	108,375
<b>Closing fair value</b>	<b>1,073,534</b>	<b>1,098,311</b>

	2024 £'000	2023 £'000
<b>Gains on investments</b>		
Realised gains on sale of investments at fair value	16,515	5,988
Realised loss on exercise of put options	-	(55)
Net movement in investment holdings gains	42,232	26,669
	<b>58,747</b>	<b>32,602</b>

The Company received £263,569,000 (2023 – £216,422,000) from investments sold in the year. The book cost of these investments when they were purchased was £247,054,000 (2023 – £210,434,000). These investments have been revalued over time and until they were sold any unrealised gains/(losses) were included in the fair value of the investments.

The Company may write and purchase both exchange traded and over the counter derivative contracts as part of its investment policy. The Company pledges collateral greater than the market value of the traded options in accordance with standard commercial practice. At 30 June 2024 there were no shares pledged as part of the option underwriting programme (30 June 2023 – none). The liability of collateral held at the year end was £nil as no open positions existed (30 June 2023 – £nil).

**Transaction costs.** During the year 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 Statement of Comprehensive Income. The total costs were as follows:

	2024 £'000	2023 £'000
Purchases	842	797
Sales	114	144
	<b>956</b>	<b>941</b>

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

## 11. Other debtors and receivables

	2024 £'000	2023 £'000
Amounts due from brokers	3,787	-
Accrued income	3,471	3,080
Taxation recoverable	5,228	4,170
Prepayments	26	24
	<b>12,512</b>	<b>7,274</b>

## 12. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	1,045	1,227
Money market funds	24,103	13,888
	<b>25,148</b>	<b>15,115</b>

The Company holds £24,103,000 (2023 - £13,888,000) in Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund which is managed and administered by abrdn.

## 13. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Other creditors	1,563	2,548
Amounts due to brokers for purchase of investments	5,167	2,202
Amounts due to brokers for Ordinary shares bought back	326	1,247
	<b>7,056</b>	<b>5,997</b>
Bank loans	6,282	6,378
	<b>13,338</b>	<b>12,375</b>

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. Under the terms of the agreement, advances from the facility may be made for periods of up to six months or for such longer periods agreed by the lender.



# Notes to the Financial Statements

## Continued

As at 30 June 2024, the Company had drawn down the following amounts from the facility, all with a maturity date of 29 July 2024 (2023 – 26 July 2023):

	2024		2023	
	Currency	£'000	Currency	£'000
Swiss Franc at an all-in rate of 2.55% (2023: 2.798%)	363,000	319	1,200,000	1,055
Euro at an all-in rate of 4.79% (2023: 4.563%)	4,050,000	3,434	3,300,000	2,832
Norwegian Krone at an all-in rate of 5.78% (2023: 5.11%)	4,275,000	318	6,360,000	467
Danish Krona at an all-in rate of 4.75% (2023: 4.56%)	2,750,000	313	6,850,000	789
US Dollar at an all-in rate of 6.57% (2023: 6.314%)	2,400,000	1,898	1,570,000	1,235
		<b>6,282</b>		<b>6,378</b>

At the date this Report was approved, the Company had drawn down the following amounts from the facility, all with a maturity date of 30 September 2024:

- Swiss Franc 363,000 at an all-in rate of 2.55716%, equivalent to £328,000.
- Euro 4,050,000 at an all-in rate of 4.734%, equivalent to £3,418,000.
- Norwegian Krone 4,275,000 at an all-in rate of 5.79%, equivalent to £302,000.
- Danish Krona 2,750,000 at an all-in rate of 4.6367%, equivalent to £311,000.
- US Dollar 2,400,000 at an all-in rate of 6.5745%, equivalent to £1,838,000.

Financial covenants contained within the facility agreement provide, inter alia, that the ratio of net assets to borrowings must be greater than 3.5:1 and that net assets must exceed £550 million. All financial covenants were met during the year and also during the period from the year end to the date of this report.

## 14. Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
2.51% Senior Loan Note	40,000	40,000
Unamortised 2.51% Senior Loan Note issue expenses	(45)	(59)
	<b>39,955</b>	<b>39,941</b>
4.37% Senior Loan Note at fair value	73,344	73,344
Amortisation of 4.37% Senior Loan Note	(5,725)	(4,144)
	<b>67,619</b>	<b>69,200</b>
	<b>107,574</b>	<b>109,141</b>

On 8 November 2017 the Company issued £40,000,000 of 10 year Senior Loan Notes at a fixed rate of 2.51%. Interest is payable in half yearly instalments in May and November and the Loan Notes are due to be redeemed at par on 8 November 2027.

As a result of the transaction with Perpetual Income and Growth Investment Trust plc on 17 November 2020, £60,000,000 of 15 year Senior Loan Notes at a fixed rate of 4.37% issued on 8 May 2014 were novated to the Company. Under FRS 102 the loan notes are required to be recorded initially at their fair value of £73,344,000 in the Company's Financial Statements and are then amortised over the remaining life of the loan towards their redemption value of £60,000,000. The amortisation adjustment is presented as a finance cost, split 70% to capital and 30% to revenue. Interest is payable in half yearly instalments in May and November and the Loan Notes are due to be redeemed at par on 8 May 2029.

Both the Loan Notes are secured by a floating charge over the whole of the assets of the Company and rank pari passu. The Company has complied with the Senior Loan Note Purchase Agreements covenants throughout the year that the ratio of net assets to gross borrowings must be greater than 3.5:1, and that net assets will not be less than £550,000,000 throughout the year.

## 15. Share capital

	2024		2023	
	Shares	£'000	Shares	£'000
Allotted, called-up and fully-paid:				
Ordinary shares of 25p each: publicly held	104,685,001	26,171	111,720,001	27,930
Ordinary shares of 25p each: held in treasury	14,844,531	3,711	7,809,531	1,952
	119,529,532	29,882	119,529,532	29,882

During the year 7,035,000 Ordinary shares were bought back (2023 – 4,970,471) to be held in treasury by the Company at a total cost of £59,007,000 (2023 – £42,202,000) representing 6.3% (2023 – 4.3%) of called-up share capital excluding Ordinary shares held in treasury at the start of the year.

# Notes to the Financial Statements

## Continued

### 16. Net asset value per Ordinary share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end follow. These were calculated using 104,685,001 (2023 – 111,720,001) Ordinary shares in issue at the year end (excluding treasury shares).

	2024		2023	
	Net Asset Value Attributable		Net Asset Value Attributable	
	£'000	pence	£'000	pence
Net asset value – debt at par	990,282	946.0	999,184	894.4
Add: amortised cost of 2.51% Senior Loan Notes	39,955	38.2	39,941	35.8
Less: fair value of 2.51% Senior Loan Notes	(36,530)	(34.9)	(34,928)	(31.3)
Add: amortised cost of 4.37% Senior Loan Notes	67,619	64.5	69,200	61.9
Less: fair value of 4.37% Senior Loan Notes	(58,535)	(55.9)	(54,900)	(49.1)
<b>Net asset value – debt at fair value</b>	<b>1,002,791</b>	<b>957.9</b>	<b>1,018,497</b>	<b>911.7</b>

### 17. Analysis of changes in net debt

	At 1 July 2023 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2024 £'000
Cash and cash equivalents*	15,115	(39)	10,072	-	25,148
Debt due within one year	(6,378)	39	57	-	(6,282)
Debt due after more than one year	(109,141)	-	-	1,567	(107,574)
	(100,404)	-	10,129	1,567	(88,708)

	At 1 July 2022 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2023 £'000
Cash and cash equivalents*	20,131	695	(5,711)	-	15,115
Debt due within one year	(6,507)	38	91	-	(6,378)
Debt due after more than one year	(110,710)	-	-	1,569	(109,141)
	(97,086)	733	(5,620)	1,569	(100,404)

\* An analysis of cash and cash equivalents between cash at bank and in hand and money market funds is provided in note 12 on page 77.

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

## 18. Financial instruments

This note summarises the risks deriving from the financial instruments that comprise the Company's assets and liabilities.

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. As at 30 June 2024 there were no open positions in derivatives transactions (2023 – same).

**Risk management framework.** The directors of abrdn Fund Managers Limited collectively assume responsibility for the Manager's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

The Manager is a wholly owned subsidiary of the abrdn Group ("the Group"), which provides a variety of services and support to the Manager in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The Manager has delegated the day to day administration of the investment policy to abrdn Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The Manager has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division ("the Division") supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Chief Risk Officer, who reports to the Chief Executive Officer ("CEO") of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described in the committees' terms of reference.

**Risk management of the financial instruments.** The main risks the Company faces from these financial instruments are (a) market risk (comprising (i) interest rate, (ii) foreign currency and (iii) other price risk), (b) liquidity risk and (c) credit risk.

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The Attribution Analysis, detailing the allocation of assets and the stock selection, is shown in the Performance Attribution table on page 9. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. The Company's strategy is detailed in the Chair's Statement on pages 6 and 7, in the Investment Manager's Report on page 12 and in Overview of Strategy on pages 17 to 23.

# Notes to the Financial Statements

## Continued

The Board has agreed the parameters for net gearing, which was 9.1% of net assets as at 30 June 2024 (2023 – 10.4%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

**18 (a) Market risk.** The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 1. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 8 to 12.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold equity investments in the portfolio in a broad spread of sectors in order to reduce the risk arising from factors specific to a particular sector. A summary of investment changes during the year under review is on page 31 and an analysis of the equity portfolio by sector is on page 30.

**18 (a)(i) Interest rate risk. Interest rate movements may affect:**

- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings; and
- the fair value of any investments in fixed interest rate securities.

**Management of the risk.** The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. Details of the bank loan and interest rates applicable can be found in note 13.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

**Financial assets.** The interest rate risk of the portfolio of financial assets at the reporting date was as follows:

	Floating rate		Non-interest bearing	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Danish Krona	-	-	9,923	22,239
Euro	-	-	104,139	69,528
Norwegian Krone	-	-	10,535	9,323
Singapore Dollars	-	-	27,374	21,124
Sterling	25,148	15,115	853,898	898,427
Swedish Krone	-	-	18,454	16,694
Swiss Francs	-	-	9,486	36,060
Taiwan Dollars	-	-	10,827	7,051
US Dollars	-	-	28,898	17,865
<b>Total</b>	<b>25,148</b>	<b>15,115</b>	<b>1,073,534</b>	<b>1,098,311</b>



The floating rate assets consist of cash at bank and cash held in money market funds earning interest at prevailing market rates.

The non-interest bearing assets represent the equity element of the portfolio.

**Financial liabilities.** The Company has floating rate borrowings by way of its loan facility and fixed rate senior loan note issues, details of which are in notes 13 and 14.

**Interest rate sensitivity.** The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of instruments that have floating rates.

**Interest rate sensitivity.** The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant in the case of instruments that have floating rates.

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's profit before tax for the year ended 30 June 2024 and net assets would increase/decrease by £175,000 (2023 – £53,000) respectively. This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and borrowings.

**18 (a)(ii) Foreign currency risk.** A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently, the Statement of Financial Position can be affected by movements in exchange rates.

**Management of the risk.** The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. It is not the Company's policy to hedge this currency risk but the Board keeps under review the currency returns in both capital and income.

Foreign currency risk exposure by currency of denomination falling due within one year is set out in the table below. Net monetary assets/(liabilities) comprise cash and loan balances and exclude other debtors and receivables and other payables (including amounts due to or from brokers).

# Notes to the Financial Statements

## Continued

	30 June 2024			30 June 2023		
	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000
Danish Krona	9,923	(313)	9,610	22,239	(789)	21,450
Euro	104,139	(3,434)	100,705	69,528	(2,832)	66,696
Norwegian Krone	10,535	(318)	10,217	9,323	(467)	8,856
Singapore Dollars	27,374	-	27,374	21,124	-	21,124
Swedish Krone	18,454	-	18,454	16,694	-	16,694
Swiss Francs	9,486	(319)	9,167	36,060	(1,055)	35,005
Taiwan Dollars	10,827	-	10,827	7,051	-	7,051
US Dollars	28,898	(1,898)	27,000	17,865	(1,235)	16,630
<b>Total</b>	<b>219,636</b>	<b>(6,282)</b>	<b>213,354</b>	<b>199,884</b>	<b>(6,378)</b>	<b>193,506</b>

**Foreign currency sensitivity.** The following table details the impact on the Company's net assets to a 10% decrease (in the context of a 10% increase the figures below should all be read as negative) in Sterling against the foreign currencies in which the Company has exposure. The sensitivity analysis includes foreign currency denominated monetary and non-monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2024 £'000	2023 £'000
Danish Krona	961	2,145
Euro	10,071	6,670
Norwegian Krone	1,022	886
Singapore Dollars	2,737	2,112
Swedish Krone	1,845	1,669
Swiss Francs	917	3,501
Taiwan Dollars	1,083	705
US Dollars	2,700	1,663
<b>Total</b>	<b>21,336</b>	<b>19,351</b>

**18(a)(iii) Other price risk.** Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

**Management of the risk.** It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to international markets and the stock selection process, as detailed in the section "Delivering the Investment Policy" on page 16, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy.

**Other price risk sensitivity.** If market prices at the reporting date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 June 2024 would have increased/decreased by £107,353,000 (2023 – £109,831,000).

**18 (b) Liquidity risk.** This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due in line with the maturity profile analysed as follows:

	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
<b>At 30 June 2024</b>					
Bank loans	6,282	-	-	-	6,282
2.51% Senior Loan Note 8/11/27	-	-	40,000	-	40,000
4.37% Senior Loan Note 8/5/29	-	-	60,000	-	60,000
Interest cash flows on bank loans	10	-	-	-	10
Interest cash flows on 2.51% Senior Loan Note	1,004	2,008	502	-	3,514
Interest cash flows 4.37% Senior Loan Note	2,622	5,244	5,244	-	13,110
Cash flows on other creditors	7,056	-	-	-	7,056
	16,974	7,252	105,746	-	129,972
	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
<b>At 30 June 2023</b>					
Bank loans	6,378	-	-	-	6,378
2.51% Senior Loan Note 8/11/27	-	-	40,000	-	40,000
4.37% Senior Loan Note 8/5/29	-	-	-	60,000	60,000
Interest cash flows on bank loans	3	-	-	-	3
Interest cash flows on 2.51% Senior Loan Note	1,004	2,008	1,506	-	4,518
Interest cash flows 4.37% Senior Loan Note	2,622	5,244	5,244	2,622	15,732
Cash flows on other creditors	5,997	-	-	-	5,997
	16,004	7,252	46,750	62,622	132,628

# Notes to the Financial Statements

## Continued

**Management of the risk.** The Company's assets comprise readily realisable securities which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of committed loan and overdraft facilities.

As at 30 June 2024 the Company utilised £6,282,000 (2023 – £6,378,000) of a £50,000,000 multi-currency revolving bank credit facility, which is committed until 27 October 2024. Details of maturity dates and interest charges can be found in note 13. The aggregate of all future interest payments at the rate ruling at 30 June 2024 and the redemption of the loan amounted to £6,292,000 (2023 – £6,381,000).

**18 (c) Credit risk.** This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

**Management of the risk.** The risk is mitigated by the Investment Manager reviewing the credit ratings of counterparties. The risk attached to dividend flows is mitigated by the Investment Manager's research of potential investee companies. The Company's custodian bank is responsible for the collection of income on behalf of the Company and its performance is reviewed by the Depositary (on an ongoing basis) and by the Board on a regular basis. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties. The maximum credit risk at 30 June 2024 is £32,365,000 (2023 – £18,123,000) consisting of £3,430,000 (2023 – £3,080,000) of dividends receivable from equity shares, £3,787,000 (2023 – £nil) receivable from brokers and £25,148,000 (2023 – £15,115,000) in cash and cash equivalents.

None of the Company's financial assets are past due or impaired (2023 – none).

## 19. 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. Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset or liability. 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 valuation techniques used by the Company are explained in the accounting policies note 2(e). The Company's portfolio consists wholly of quoted equities, all of which are Level 1.

The fair value of both the 2.51% Senior Loan Notes and 4.37% Senior Loan Note have been calculated by aggregating the expected future cash flows for that loans discounted at a rate based on UK gilts issued with comparable coupon rates and maturity dates plus a margin representing the credit risk for Investment Grade A bonds. The fair value and amortised cost amounts can be found in note 16.

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

## 20. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration section of the Directors' Remuneration Report on page 49.

The Company has agreements with the Manager for the provision of management, secretarial, accounting and administration services and promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 4 and 5.

## 21. Capital management policies and procedures

The investment objective of the Company is to achieve a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

The capital of the Company consists of debt (comprising loan notes and bank loans) and equity (comprising issued capital, reserves and retained earnings). The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the level of equity shares in issue;
- the planned level of gearing which takes into account the Investment Manager's views on the market (net gearing figures can be found on page 15); and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Notes 13 and 14 give details of the Company's bank facility agreement and loan notes respectively.

## 22. Subsequent events

On 30 August 2024, the Company announced that it had agreed to a change in the management fee arrangements with the Manager. With effect from 1 July 2024, the management fee is to be based on 0.35% per annum for net assets up to £1.1 billion and 0.25% per annum for net assets over £1.1 billion, calculated and payable monthly.

# Corporate Information



Incorporated in the USA, Mastercard has ambitions to be integral to the digital payment economy globally. It enjoys strong competitive positioning and high barriers to entry. A new purchase during the Year, Mastercard forms part of the up to 20% of the portfolio which may be invested in non-UK listed equities.



# Information about the Manager including Investment Process

## abrdn Fund Managers Limited

The Company's Manager is abrdn Fund Managers Limited, a subsidiary of abrdn, whose assets under management and administration were £506 billion as at 30 June 2024. The Manager delegates portfolio management to abrdn Investments Limited.

## The Investment Team



### Charles Luke

Senior Investment Director

Charles is a Senior Investment Director in the Developed Markets Equities team having joined abrdn in 2000. Prior to this, previously worked at Framlington Investment Management. Charles has a BA in Economics and Japanese Studies from Leeds University and a MSc in Economic History from the London School of Economics.



### Iain Pyle

Senior Investment Director

Iain is a Senior Investment Director in the Developed Markets Equities team, having joined abrdn in 2015. Prior to this, he was an analyst in the top-ranked Oil & Gas research team at Sanford Bernstein. Iain has a MEng degree in Chemical Engineering from Imperial College and an MSc (Hons) in Operational Research from Warwick Business School. He is a CFA Charterholder and a Member of the Institute of Chartered Accountants in England & Wales.



### Rhona Millar

Investment Manager

Rhona is an Investment Manager in the Developed Markets Equities team. She joined abrdn in 2016 after working at EY. Rhona has a BSc in Mathematics from the University of St Andrews and is a CFA Charterholder and a Member of the Institute of Chartered Accountants of Scotland.

# Information about the Manager including Investment Process

## Continued

### The Investment Process

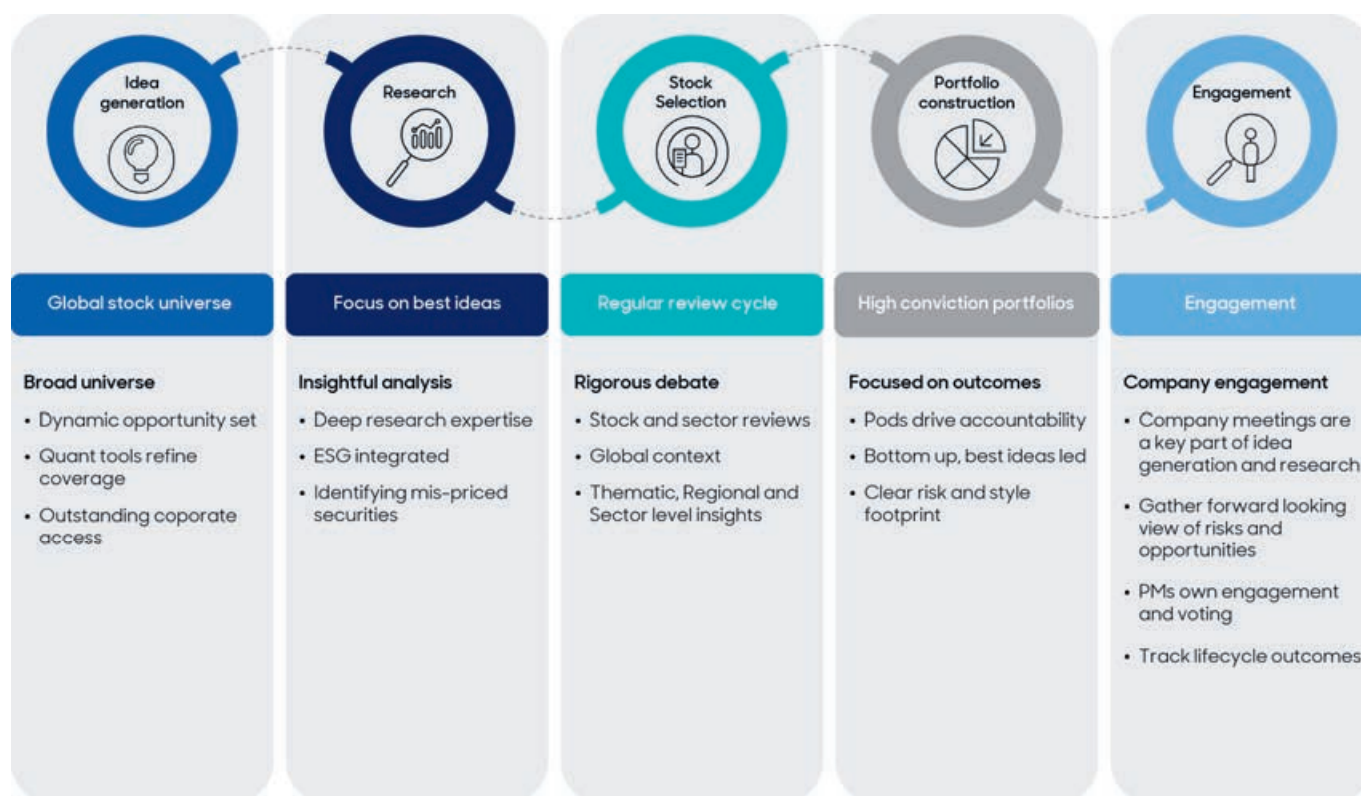
#### Investment Approach and Style

The Investment Manager believes that company fundamentals ultimately drive stock prices but are often priced inefficiently. It believes that in-depth company research delivers insights that can be used to exploit these market inefficiencies. It focuses on investing in high quality companies, with the market often underestimating the sustainability of their returns. Quality companies tend to produce more resilient earnings streams with fewer tail risks, allowing them to better navigate challenging market conditions whilst also capitalising on opportunities to create value. This makes the approach well suited to identifying companies with sustainable and growing

income generation. Investment insights are generated by the extensive equity research platform at abrdn. Ideas are generated through frequent direct company contact, deep fundamental analysis with rigorous team debate strengthening analytical conclusions. Although the Company does not have a sustainable objective and its investment policy does not have sustainable characteristics, environmental, social and governance considerations (or "ESG") are integrated into the research analysis. The Investment Manager has a long-term approach, aiming to buy and hold companies for a multi-year time horizon although it has the ability to react quickly if necessary. It is willing to take sizeable deviations to the benchmark based on the companies where it finds the highest quality and most attractive valuations.

#### Investment Process

The investment process has five stages:



1. **Idea Generation.** Comprehensive coverage of the UK equity market with a team of analysts generating investment ideas from company meetings, combined with corroborating evidence from competitors, suppliers and customers. External secondary research is also sourced to gain insight on the consensus view and supplement proprietary research.
2. **Research.** The market implicitly embeds a lot of information in a stock price, and the Investment Manager takes time to understand and interpret this as it builds a view about the outlook of companies and the way the market is likely to value them in the future. abrdn's in-depth analysis of a company's financials and business prospects helps it to formulate a forward-looking view of earnings and cash flow trajectories, and it applies a variety of forward-looking multiples in comparing valuations with competitors and across industries and markets. To fully leverage the benefits of our considerable research resource, the Investment Manager's equity teams use a common investment language and research framework that structures how the Investment Manager expresses its thinking on companies. This facilitates the effective and unambiguous articulation of research insights. External research is also utilised to gain insight on the consensus view and supplement proprietary research. ESG considerations are integrated into the research process with each stock receiving an ESG score alongside an overall quality score.
3. **Stock and Sector Review.** Buy ideas are peer reviewed by the Developed Markets equity team, evaluating the level of conviction and the materiality, corroboration and correlation of those investment opportunities.
4. **Portfolio Construction.** Portfolio construction is bottom-up driven, focused on investing in companies that pass the Investment Manager's rigorous quality assessment, are attractively valued, and have appealing income characteristics. The largest component of the portfolio's active risk will be stock-specific with appropriate diversification across a broad range of countries and sectors. abrdn sells a stock if it has come to reflect all the upside it expects and now prices in abrdn's view of the fundamentals. The Investment Manager will also sell if our investment thesis has played out or is proved wrong, or if the Investment Manager finds more interesting opportunities elsewhere. Continuous monitoring of company fundamentals and valuation is critical and abrdn uses a variety of proprietary and external quantitative tools to support portfolio construction. The Investment Manager aims to select high quality stocks with attractive income characteristics. Quality is defined by reference to factors including management, business model, balance sheet and ESG considerations.  
  
The Investment Manager believes that good investment decision making requires clarity of responsibility for those decisions. Every stock in the portfolio has a named analyst responsible for its coverage while every portfolio has a named fund manager responsible for its management. The individual fund manager makes investment decisions, supported and challenged by the wider team, but involving clear accountability.
5. **Engagement.** As part of the investment process, the Investment Manager undertakes a significant number of company meetings each year, during which trading performance, strategy and broader corporate developments are discussed. This engagement also provides an opportunity to address broader ESG issues including board composition, remuneration, audit, climate change, and labour relations.

# Information about the Manager including Investment Process

## Continued

### ESG considerations

Although the Company does not have sustainability characteristics as part of its investment objective or policy, ESG analysis is integrated into the Investment Manager's investment process, as outlined above, and is a considered part of each investment decision.

At the investment stage, ESG factors and analysis can help to frame where best to invest by considering material risks and opportunities alongside other financial metrics. Due diligence can ascertain whether such risks are being adequately managed, and whether the market has understood and priced them accordingly.

abrdn Investments has a well-established central sustainability team who support investment teams across different asset classes with its thematic work on areas such as shareholder engagement, remuneration issues, and climate change, as well as taking responsibility for voting policies. abrdn Investments believes in active engagement with its investments and potential investments: from providing initial guidance on suitable metrics through to holding the investee company to account for delivering on its promises. In practice, it is through applying this sustainability filter that the Investment Manager is comfortable investing on the Company's behalf in, for example, sectors such as mining and oil and gas, subject to the belief, based on such engagement and investee companies delivering on their commitments, that a company is taking the necessary action to address the energy transition. The Investment Manager follows these developments closely given that many commodities are necessary for the transition to a low carbon future.

The latest TCFD product report published by the Investment Manager in relation to the Company can be found on the Company's website under 'Key Documents'.

The portfolio is AA rated by MSCI for its ESG characteristics: the MSCI Fund Ratings measures the ESG characteristics of a fund portfolio, ranking funds from CCC to AAA (being the highest score). Further details can be found at <https://upl.inc/msci.com-our-solutions-mut>

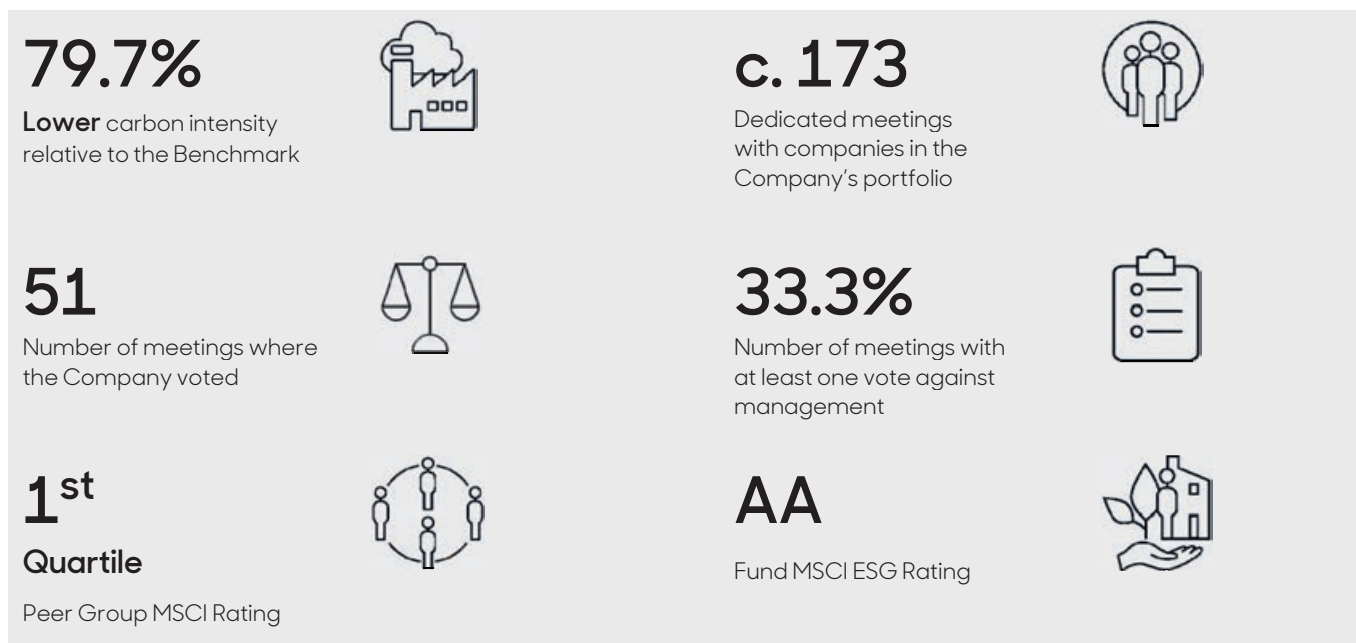
### Breadth of experience

The investment process also leverages a wealth of knowledge, insight and expertise across asset classes and regions within abrdn. This allows the Investment Manager to take advantage of equity colleagues across the globe who are meeting companies and conducting research and sharing their insights using one common global research platform. This is invaluable when investing in the UK equity market, which is one of the most global markets in the world given that more than 70% of revenues generated by companies in the FTSE 100 come from overseas. Corporate level insights are shared with the credit team which enriches the equity view through an understanding of the full capital structure of the businesses invested in. Members of the Investment Manager's multi-asset and economics teams regularly share macro level insights with the Developed Markets equity team.

### Risk Management

The Investment Manager utilises a number of quantitative risk tools to ensure it is fully aware of and understand all the risks prevalent in portfolios it manages. These risk management systems monitor and analyse active risk, the composition of portfolio positions, as well as contribution to risk and marginal contribution to risk of the portfolio's holdings. The systems break down the risk within the portfolio by industry and country factors, and highlight the stocks with the highest marginal contribution to risk and the largest diversification benefit. Sector, thematic and geographical positions are a residual of stock selection decisions, but are monitored to ensure excessive risk is not taken in any one area. The Investment Manager also makes use of pre-trade analytics to assess the impact of any trades on the portfolio risk metrics.

## Snapshot data for the Company



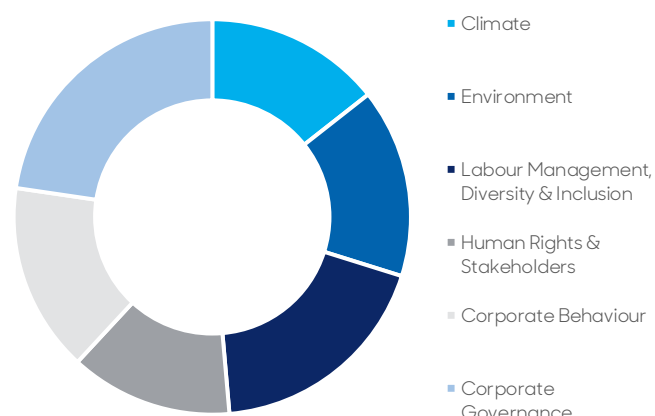
Carbon intensity is measured annually, as at 31 December 2023. Full details are included in the TCFD report on the Company's website.  
Engagement: time period referenced is the year ended 30 June 2024.  
Voting: time period referenced is the year ended 30 June 2024.  
abrdn's latest PRI Assessment Report, published in December 2023, and which contains its scores across all modules, is available at:  
[www.abrdn.com/en-gb/institutional/sustainable-investing/document-library](http://www.abrdn.com/en-gb/institutional/sustainable-investing/document-library)

# Information about the Manager including Investment Process

## Continued

### Company's Engagement Activity

The following chart shows the nature of the 173 engagements undertaken by the Company with portfolio companies during the year ended 30 June 2024. This does not include positions sold by the Investment Manager, or potential stocks under consideration. Themes engaged on include:



### Voting Activity

The following is a summary of the Investment Manager's voting activity, on behalf of the Company, for the year ended 30 June 2024 (Source – abrdn):

Voting Summary	Total
Number of meetings the Company was eligible to vote at	53
Number of meetings which the Company voted at	51
Number of resolutions the Company was eligible to vote on	1,050
Proportion of resolutions voted on for which the Company was eligible to vote	88.5%
Proportion of resolutions voted on where the Company voted with management	94.9%
Proportion of resolutions voted on where the Company voted against management	5.1%
Proportion of resolutions voted on where the Company abstained from voting	0.4%
Proportion of meetings voted at where the Company voted against management at least once	33.3%

While the Manager will typically vote in line with an investee board's voting recommendation, it will vote against resolutions that are not consistent with the Company's best interests. For example, abrdn may vote against resolutions which are not aligned with its policies or which conflict with local governance guidelines, such as the Investment Association in the UK. Although the Investment Manager seeks to vote either 'in favour' or 'against' a resolution, it does make use of an abstain vote where this is considered appropriate. The Investment Manager aims to vote at all eligible meetings unless share blocking (which can be a feature of voting in non-UK jurisdictions) makes this unviable.



# Investor Information

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

The Company has appointed the Manager as its alternative investment fund manager and BNP Paribas SA, London Branch as its depositary under the AIFMD.

The AIFMD requires the Manager, as the Company's alternative investment fund manager, 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](http://murray-income.co.uk)

The periodic disclosures required to be made by the Manager under the AIFMD are set out on page 98.

## Benchmark

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

## Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrar, Link Group (see Additional Shareholder Information for details).

Any questions about the Company should be addressed to Murray Income Trust PLC, 1 George Street, Edinburgh EH2 2LL or sent by email to: [murray.income@abrdn.com](mailto:murray.income@abrdn.com).

## Investor Warning: Be alert to share fraud and boiler room scams

The Company has been made aware by abrdn that some investors have received telephone calls from people purporting to work for abrdn, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for abrdn and any third party making such offers has no link with abrdn. abrdn never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact abrdn's investor services centre using the details provided below.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: [fca.org.uk/consumers/scams](http://fca.org.uk/consumers/scams)

## Keeping You Informed

Detailed information on the Company (including price, performance, a monthly factsheet and current and historic Annual and Half-Yearly Reports) is available from the Company's website ([murray-income.co.uk](http://murray-income.co.uk)). You can also register for regular email updates by visiting the Company's website.

## abrdn Investment Trusts Social Media Accounts

Twitter: [@abrdnTrusts](https://twitter.com/abrdnTrusts)

LinkedIn: [abrdn Investment Trusts](https://www.linkedin.com/company/abrdn-investment-trusts)

## 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 so that the securities issued by the Company 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") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

## Key Information Document ("KID")

The KID relating to the Company can be found under 'Key Documents' in the 'Literature' section of the Company's website at [murray-income.co.uk](http://murray-income.co.uk).

# Investor Information

## Continued

### How to Invest in Murray Income Trust PLC and other abrdn-managed investment trusts

A range of leading investment platforms and share dealing services let you buy and sell abrdn-managed investment trusts including Murray Income Trust PLC.

Many of these platforms operate on an 'execution-only' basis. This means they can carry out your instruction to buy or sell a particular investment trust. But they may not be able to advise on suitable investments for you. If you require advice, please speak to a qualified financial adviser (see below).

#### Flexibility

Many investment platform providers will allow you to buy and hold abrdn Investment Trust shares within an Individual Savings Account (ISA), Junior ISA or Self Invested Personal Pension (SIPP), all of which have potential tax advantages. Most will also allow you to invest on both a lump sum and regular savings basis.

#### Costs and service

It is important to choose the right platform for your needs, so take time to research what each platform offers before you make your decision, as well as considering charges. When it comes to charges, some platforms have flat fee structures while others levy percentage-based charges. Typically, you will also pay a fee every time you buy and sell shares, so you need to bear in mind these transaction costs if you are trading frequently. There may also be additional charges for ISA and SIPP investments.

### How to Attend and Vote at Company Meetings

The Chair's Statement, on page 7, includes information on how shareholders may exercise their voting rights in relation to the Annual General Meeting on 5 November 2024.

### Can I exercise my voting rights if I hold my shares through an investment platform?

Yes, you should be able to exercise your right to vote by contacting your platform. Procedures differ, but some platforms will automatically alert you when new statutory documents are available and then allow you to vote online. Others will require you to contact them to vote. Your chosen platform will provide further guidance.

### Getting advice

abrdn recommends that you seek financial advice prior to making an investment decision. If you do not currently have a financial adviser, details of authorised financial advisers in your area can be found at [pimfa.co.uk](http://pimfa.co.uk) or [unbiased.co.uk](http://unbiased.co.uk) (see below). You will pay a fee for advisory services.

### Platform providers

Platforms featuring Murray Income Trust PLC, as well as other abrdn-managed investment trusts, include:

- AJ Bell: [www.ajbell.co.uk/markets/investment-trusts](http://www.ajbell.co.uk/markets/investment-trusts)
- Barclays Smart Investor: [www.barclays.co.uk/smart-investor](http://www.barclays.co.uk/smart-investor)
- Charles Stanley Direct: [www.charles-stanley-direct.co.uk](http://www.charles-stanley-direct.co.uk)
- Fidelity: [www.fidelity.co.uk](http://www.fidelity.co.uk)
- Halifax: [www.halifax.co.uk/investing](http://www.halifax.co.uk/investing)
- Hargreaves Lansdown: [www.hl.co.uk/shares/investment-trusts](http://www.hl.co.uk/shares/investment-trusts)
- interactive investor (owned by abrdn): [www.ii.co.uk/investment-trusts](http://www.ii.co.uk/investment-trusts)

The companies above are shown for illustrative purposes only. Other platform providers are available. The links above direct you to external websites operated by each platform provider. abrdn is not responsible for the content and information on these third-party sites, apart from interactive investor, which is owned by abrdn.

### 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](http://pimfa.co.uk).

### Financial Advisers

To find an adviser who recommends on investment trusts, visit: [unbiased.co.uk](http://unbiased.co.uk)

## Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: **0800 111 6768** or at  
at <https://register.fca.org.uk>  
Email: [consumerqueries@fca.org.uk](mailto:consumerqueries@fca.org.uk)

### 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 95 to 97 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, 280 Bishopsgate, London EC2M 4AG which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.*

## Financial Calendar

Payment months of quarterly dividends	March, June, September, December
Financial year end	30 June
Expected announcement of annual results	September
Annual General Meeting	November

# AIFMD Disclosures (Unaudited)

The Manager and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which may be found on the Company's website ([murray-income.co.uk](http://murray-income.co.uk)), maintained by the Manager.

## AIFMD or the Directive

The Alternative Investment Fund Managers Directive –

There have been no material changes to the disclosures contained within the PIDD since its latest publication in September 2024.

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report, Note 18 to the financial statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by the Manager;
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the AIFMD Remuneration Code, the AIFM's remuneration policy in respect of its reporting period ended 31 December 2023 is available on the website of abrdn plc at [www.abrdn.com/en-gb/corporate/about-us/our-leadership-team/remuneration-disclosure](http://www.abrdn.com/en-gb/corporate/about-us/our-leadership-team/remuneration-disclosure), or on request from the Company Secretaries, abrdn Holdings Limited (see Additional Shareholder Information on page 109 for contact details).

## Leverage

For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of Sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of Sterling cash balances and after certain hedging and netting positions are offset against each other.

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

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 30 June 2024	1.20:1	1.22:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page 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 the Manager which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

# General



Air Liquide

Air Liquide, a new holding purchased during the Year, is a world leader in gases, technologies and services for industry and health, and is an example of the Company's ability, under its flexible Investment Policy, to provide exposure to non-UK listed companies.

# Alternative Performance Measures

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 with debt at fair value

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

		30 June 2024	30 June 2023
NAV per Ordinary share	a	957.9p	911.7p
Share price	b	857.0p	837.0p
Discount	$(b-a)/a$	(10.5)%	(8.2)%

## Discount to net asset value per Ordinary share with debt at par value

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

		30 June 2024	30 June 2023
NAV per Ordinary share	a	946.0p	894.4p
Share price	b	857.0p	837.0p
Discount	$(b-a)/a$	(9.4)%	(6.4)%

## Dividend cover

Dividend cover is the revenue return per Ordinary share divided by dividends per Ordinary share expressed as a ratio.

		30 June 2024	30 June 2023
Revenue return per share	a	37.40p	38.73p
Dividends per share	b	38.50p	37.50p
Dividend cover	a/b	0.97	1.03



## Dividend yield

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

		30 June 2024	30 June 2023
Dividends per share (p)	a	38.50p	37.50p
Share price (p)	b	857.00p	837.00p
Dividend yield	a/b	4.5%	4.5%

## Net asset value per Ordinary share with debt at fair value

The calculation of the Company's net asset value per Ordinary share with debt at fair value is set out in Note 16.

## 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.

		30 June 2024	30 June 2023
Bank loans (£'000)	a	(6,282)	(6,378)
Senior Loan Notes (£'000)	b	(107,574)	(109,141)
Total borrowings (£'000)	c=a+b	(113,856)	(115,519)
Cash (£'000)	d	25,148	15,115
Amounts due to brokers (£'000)	e	(5,167)	(2,202)
Amounts due from brokers (£'000)	f	3,787	-
Shareholders' funds (£'000)	g	990,282	999,184
<b>Net gearing</b>	$-(c+d+e+f)/g$	<b>9.1%</b>	<b>10.3%</b>

# Alternative Performance Measures

## Continued

### Ongoing charges

The ongoing charges ratio has been calculated based on the total of investment management fees and administrative expenses less non-recurring charges and expressed as a percentage of the average daily net asset values with debt at fair value published throughout the year.

		30 June 2024	30 June 2023
Investment management fees (£'000)	a	3,692	3,804
Administrative expenses (£'000)	b	1,334	1,390
Less: non-recurring charges <sup>A</sup> (£'000)	c	(25)	(8)
<b>Ongoing charges (£'000)</b>	<b>a+b+c</b>	<b>5,001</b>	<b>5,186</b>
<b>Average net assets (£'000)</b>	<b>d</b>	<b>991,404</b>	<b>1,036,020</b>
<b>Ongoing charges ratio</b>	<b>(a+b+c)/d</b>	<b>0.50%</b>	<b>0.50%</b>

<sup>A</sup> 30 June 2024 comprises £20,000 Directors recruitment fee and £5,000 relating to other professional services unlikely to recur. 30 June 2023 comprises £7,000 professional fees relating to discussions with the registrar and £1,000 quick turnaround fee on ESEF filing.

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

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 (debt at fair value)	NAV (debt at par)
<b>Year ended 30 June 2024</b>				
Opening at 1 July 2023	a	837.0p	911.7p	894.4p
Closing at 30 June 2024	b	857.0p	957.9p	946.0p
Price movements	c=(b/a)-1	2.4%	5.1%	5.8%
Dividend reinvestment <sup>A</sup>	d	5.2%	4.8%	5.0%
<b>Total return</b>	<b>c+d</b>	<b>7.6%</b>	<b>9.9%</b>	<b>10.8%</b>

		Share price	NAV (debt at fair value)	NAV (debt at par)
<b>Year ended 30 June 2023</b>				
Opening at 1 July 2022	a	832.0p	871.0p	864.9p
Closing at 30 June 2023	b	837.0p	911.7p	894.4p
Price movements	c=(b/a)-1	0.6%	4.7%	3.4%
Dividend reinvestment <sup>A</sup>	d	4.3%	4.1%	4.1%
<b>Total return</b>	<b>c+d</b>	<b>4.9%</b>	<b>8.8%</b>	<b>7.5%</b>

<sup>A</sup> 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.

# Glossary of Terms

## Active Share

A measure of the difference between a portfolio and a benchmark, calculated as a percentage.

## abrtn or the Group

The abrtn plc group of companies.

## AIFMD

Alternative Investment Fund Managers Directive

## AIC

The Association of Investment Companies ([theaic.co.uk](http://theaic.co.uk)).

## Benchmark

FTSE All-Share Index.

## Depository

A depository is responsible for cash monitoring, the custody and safeguarding of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements.

On 31 May 2024, the depository agreement moved from one subsidiary of BNP Paribas SA to another (exchanging BNP Paribas Trust Corporation UK Limited for BNP Paribas SA, London branch).

## FCA

The Financial Conduct Authority.

## Investment Manager

abrtn Investments Limited.

## Investment Trust

A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.

## Key Information Document or KID

The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and performance returns cannot be guaranteed.

## Manager (the "Manager")

abrtn Fund Managers Limited is a wholly owned subsidiary of abrtn and acts as the alternative investment fund manager for the Company. abrtn Fund Managers Limited is authorised and regulated by the Financial Conduct Authority.

## Net Asset Value or NAV

The net asset value or NAV is the Company's total assets less liabilities. Liabilities for this purpose include current and long-term liabilities such as the Company's £40m senior loan notes expiring in 2027 and £60m senior loan notes expiring in 2029.

## NAV per Ordinary Share

The calculation of the NAV per Ordinary share is shown in note 16 on the basis of debt at par value (amortised cost) and debt at fair value (discounted cashflow basis, as set out in note 19).

## Price/Earnings Ratio

The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

## PRIIPs

Packaged retail and insurance-based investment products marketed to retail investors which are subject to investment risk.

## Scrip Dividend

An issue of shares to a shareholder in proportion to their existing holding, in lieu of paying a dividend.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Murray Income Trust PLC will be held at 12.30pm on Tuesday 5 November 2024 at Wallacespace Spitalfields, 15 Artillery Lane, London E1 7HA for the purpose of considering and if thought fit passing the following resolutions, of which Resolutions 1 to 10 inclusive will be proposed as Ordinary Resolutions and Resolutions 11 and 12 inclusive will be proposed as Special Resolutions:-

## Ordinary Business

1. To receive and adopt the Directors' Report, Auditor's Report and the audited financial statements for the year ended 30 June 2024.
2. To receive and adopt the Directors' Remuneration Report for the year ended 30 June 2024 other than the Directors' Remuneration Policy.
3. To approve the Company's dividend policy to pay four quarterly interim dividends per year.
4. To elect Angus Franklin\* as a Director of the Company.
5. To re-elect Stephanie Eastment\* as a Director of the Company.
6. To re-elect Nandita Sahgal Tully\* as a Director of the Company.
7. To re-elect Peter Tait\* as a Director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as independent auditor of the Company.
9. To authorise the Audit Committee to fix the remuneration of PricewaterhouseCoopers LLP as independent auditor of the Company for the year ended 30 June 2025.

## Special Business

### Authority to Allot

10. THAT, in substitution of all existing powers, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot Ordinary shares of 25p each in the capital of the Company ("shares") up to an aggregate nominal amount of £1,295,999 (or, if less, the number representing 5 per cent. of the total Ordinary shares in issue (excluding treasury shares) as at the date of passing of this resolution), during the period expiring on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2025, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted after such expiry and the Directors shall be entitled to allot shares in pursuance of such an offer or agreement as if such authority had not expired.

### Disapplication of Pre-emption Rights

11. THAT, subject to the passing of Resolution 10 proposed at the Annual General Meeting of the Company convened for 5 November 2024, and in substitution for all existing powers, the Directors be and are hereby empowered, pursuant to Section 570 of the Companies Act 2006 (the "Act"), to allot equity securities (as defined in Section 560(1) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act by Resolution 11 or otherwise as if Section 561 of the Act did not apply to any such allotment and to sell or transfer equity securities if, immediately before the sale or transfer, such equity securities are held by the Company as treasury shares (as defined in Section 724(5) of the Act) as if Section 561 of the Act did not apply to any such sale or transfer, provided that this power:-

- i. expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on 31 December 2025, whichever is the earlier, but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted or treasury shares to be sold or transferred after the expiry of this power and the Directors may allot equity securities or sell or transfer treasury shares in pursuance of any such offers or agreements as if this power had not expired;
- ii. shall be limited to the allotment of equity securities up to an aggregate nominal amount of £2,591,999 (or, if less, the number representing 10 per cent. of the total Ordinary shares in issue (excluding treasury shares) as at the date of passing of this resolution); and
- iii. shall be limited in respect of the issue of shares or the sale of equity securities from treasury in the circumstances as detailed in the section headed "Authority to allot shares and disapply pre-emption rights" in the Directors' Report on page 44 of the Annual Report of the Company for the year ended 30 June 2024 and at a price not less than 0.5% above the net asset value per share (as determined by the Directors).

## Authority to Make Market Purchases of Shares

12. THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("shares") and to cancel or hold in treasury such shares, provided always that:

- i. the maximum number of shares hereby authorised to be purchased shall be an aggregate of 15,541,629 Ordinary shares or, if less, the number representing 14.99% of the total Ordinary shares in issue (excluding treasury shares) as at the date of passing this resolution;
- ii. the minimum price which may be paid for each share shall be 25p;
- iii. the maximum price (exclusive of expenses) which may be paid for a share is the higher of (i) 5% above the average of the middle market quotations for a share taken from, and calculated by reference to, the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
- iv. the authority hereby conferred shall expire on 31 December 2025 or, if earlier, at the conclusion of the next Annual General Meeting of the Company unless such authority is previously varied, revoked or renewed prior to such time; and
- v. the Company may enter into a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority and may purchase shares pursuant to any such contract notwithstanding such expiry above.

\*The biographies of the Directors offering themselves for election or re-election may be found on pages 34 to 36.

**By order of the Board**  
**abrdn Holdings Limited**  
 Secretaries  
 17 September 2024

**Registered Office**  
 1 George Street  
 Edinburgh  
 EH2 2LL

# Notice of Annual General Meeting

## Continued

### Notes

- i. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 1 November 2024. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- ii. Shareholders, or their proxies, intending to attend the Meeting in person are requested, if possible, to arrive at the Meeting venue at least 20 minutes prior to the commencement of the Meeting at 12.30pm (UK time) on 5 November 2024 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.
- iii. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
- iv. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
- v. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
- vi. You can vote:
  - by logging on to **signalshares.com** and following the instructions; or
  - you may request a hard copy form of proxy directly from the registrars, Link Group, by sending an email to **shareholderenquiries@linkgroup.co.uk** or by calling Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open between 08:30 – 17:30, Monday to Friday excluding public holidays in England and Wales. In order for a proxy appointment to be valid a form of proxy must be completed and received by Link Group at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 12.30pm on 1 November 2024; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below; or
  - if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by 12:30pm on 1 November 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
- vii. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
- viii. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described below) will not prevent a shareholder from attending the Meeting and voting in person if he/she wishes to do so.



- ix. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from [www.euroclear.com](http://www.euroclear.com)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- x. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12.30pm on 1 November 2024. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- xi. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- xii. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
- xiii. As at 17 September 2024 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 103,679,980 ordinary shares, carrying one vote each and 15,849,552 shares held in treasury. Therefore, the total voting rights in the Company as at 17 September 2024 are 103,679,980.
- xiv. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
- xv. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

# Notice of Annual General Meeting

## Continued

- xvi. Copies of the Directors' letters of appointment will be available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, for 15 minutes before and during the Annual General Meeting until the conclusion of the Meeting.
- xvii. Any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided either in this Notice or in any related documents (including the Form of Proxy) may not be used to communicate with the Company for any purposes other than those expressly stated. Submission of a Proxy vote shall not preclude a member from attending and voting in person at the meeting in respect of which the proxy is appointed or at any adjournment thereof.
- xviii. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion or withhold from voting.
- xix. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at **[murray-income.co.uk](http://murray-income.co.uk)**
- xx. If the law or Government guidance so requires at the time of the Meeting, physical attendance at the Meeting may not be possible. In these circumstances, the Chair will limit, in their sole discretion, the number of individuals in physical attendance at the meeting to two persons. Should there be no restrictions imposed by law or Government at the time of the Meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Meeting in order to ensure the safety of those attending the Meeting. As set out in the Chair's Statement, shareholders are encouraged to submit questions in advance of the Meeting by email to:  
**[murray.income@abrdn.com](mailto:murray.income@abrdn.com)**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary shares in Murray Income Trust PLC, please forward this document together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# Additional Shareholder Information

## Directors

Peter Tait (Chair)  
Alan Giles (Senior Independent Director)  
Stephanie Eastment (Chair of the Audit Committee)  
Angus Franklin  
Nandita Sahgal Tully

## Company Secretaries and Registered Office

abrdn Holdings Limited  
1 George Street  
Edinburgh EH2 2LL

Registered in Scotland under company number SC012725

## Website

[murray-income.co.uk](http://murray-income.co.uk)

## Points of Contact

The Chair or Company Secretaries at the Registered Office of the Company

Email: [murray.income@abrdn.com](mailto:murray.income@abrdn.com)

## Legal Entity Identifier

549300IRNFGVQIQHUI13

## United States Internal Revenue Service

### FATCA Registration Number ("GIIN")

8Q8ZFE.99999.SL.826

## abrdn Social Media Accounts

Twitter: @abrdnTrusts

LinkedIn: Murray Income Trust PLC; abrdn Investment Trusts

## Alternative Investment Fund Manager

abrdn Fund Managers Limited

Authorised and regulated by the Financial Conduct Authority

## Investment Manager

abrdn Investments Limited

Authorised and regulated by the Financial Conduct Authority

## Registrar (for direct shareholders)

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 by email at [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)

Alternatively, please contact Link Group –

### By phone:

**0371 664 0300** and **+44 (0) 371 664 0300** (international).

Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales

### By post:

Link Group  
Central Square  
29 Wellington Street  
Leeds LS1 4DL

## Independent Auditor

PricewaterhouseCoopers LLP  
144 Morrison Street  
Edinburgh EH3 8EB

## Depository

BNP Paribas SA, London branch (formerly BNP Paribas Trust Corporation UK Limited, until 31 May 2024)  
10 Harewood Avenue  
London NW1 6AA

## Solicitors

Dickson Minto W.S.  
16 Charlotte Square  
Edinburgh EH2 4DF

## Stockbroker

Investec Bank plc  
30 Gresham Street  
London EC2V 7QP



For more information visit [murray-income.co.uk](http://murray-income.co.uk)

**abrdn.com**