Murray Income Trust PLC

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

Annual Report
30 June 2021

Investment Objective

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

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.

Visit our Website

To find out more about Murray Income Trust PLC, please visit: **murray-income.co.uk**

"I would like to reiterate my warm welcome to all our new shareholders and to thank them and our existing shareholders for their strong support during the combination with Perpetual Income and Growth Investment Trust plc."

Neil Rogan, Chairman

"We feel very comfortable maintaining our investments in high quality companies capable of growing their earnings and hence their dividends over the long term."

Charles Luke and Iain Pyle,
Aberdeen Asset Managers Limited,
Investment Manager

Contents

Highlights and Financial Calendar

Net asset value total return[AB]
+20.6%
2020 –5.3%

Share price total return[AB]
+18.5%
2020 –5.8%

Benchmark total return[AC]
+21.4%
2020 –13.0%

Ongoing charges[B]
0.46%
2020 0.64%

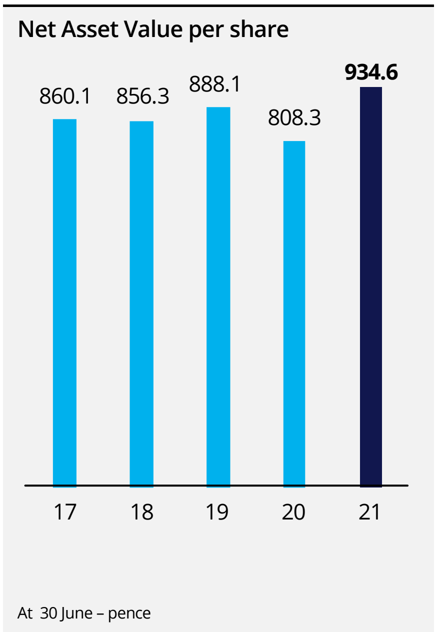
Earnings per share (revenue)
33.7p
2020 30.5p

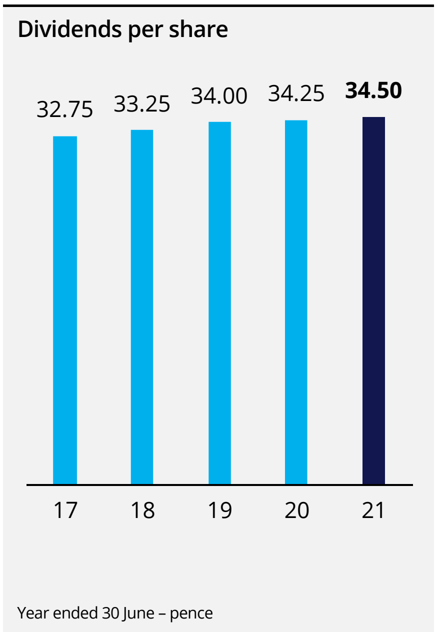
Dividend per share
34.50p
2020 34.25p

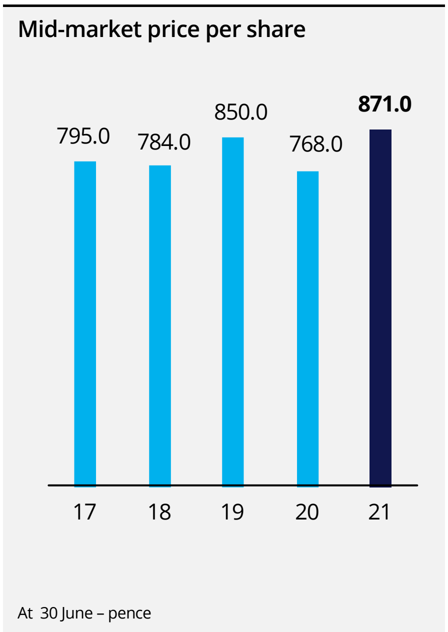
Discount to net asset value[B]
6.8%
2020 5.0%

Dividend yield[B]
4.0%
2020 4.5%

[A] Total return as defined on page 96.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 96 and 97.
[C] The Company's benchmark is the FTSE All-Share Index.







2021 Dividends

	Rate	XD date	Record date	Payment date
First interim	12.55p	29 Oct 2020	30 Oct 2020	17 Dec 2020
Second interim	3.95p	18 Feb 2021	19 Feb 2021	18 Mar 2021
Third interim	8.25p	20 May 2021	21 May 2021	17 Jun 2021
Fourth interim	9.75p	19 Aug 2021	20 Aug 2021	16 Sep 2020
Total dividends	**34.50p**			

Financial Calendar

Payment months of quarterly dividends	Dec, Mar, Jun, Sep
Financial year end	30 Jun
Annual General Meeting	Nov
Expected announcement of results for the year	Sep

Owned partly by SSE, a portfolio company, the Clyde Wind Farm in South Lanarkshire has 206 turbines with an installed capacity 522MW generating sufficient renewable energy to power over 290,000 homes

Strategic Report

Murray Income Trust PLC is an investment trust whose Ordinary shares are listed on the premium segment of the London Stock Exchange. Murray Income Trust PLC was launched over 98 years ago; investment trusts are one of the oldest forms of collective investment in the world.

Chairman's Statement

"If you only looked at the corporate and economic numbers it would be quite easy to make a bullish case. It's listening to the news that seems to make everyone worry."

Neil Rogan, Chairman

Highlights

- Successful merger with Perpetual Income and Growth Investment Trust plc completed in November 2020
- Total dividends per share increased by 0.7% to 34.50p, the 48th year of consecutive increase and 98% covered by revenue earned
- Dividend yield of 4.0%, based on the year end share price of 871.0p
- After two very strong years of relative performance, this year was a year of consolidation. Net Asset Value Total Return of 20.6% slightly behind the FTSE All-Share Index Total Return of 21.4%

Review of the Year ended 30 June 2021 (the "Year")

I would like to reiterate my warm welcome to all our new shareholders and to thank them and our existing shareholders for their strong support during the combination with Perpetual Income and Growth Investment Trust plc ("PLI"). Net assets are now over £1.1bn, trading volumes are higher and we have seen an approximate halving of the bid-offer spread when trading. Your Company has been included in the FTSE 250 Index. The Company's blended management fee rate was 0.39% for the Year with the relevant fee calculated without the deduction for the Manager's non-recurring fee waiver. This compared to the pre-merger rate of 0.48% p.a. and 0.55% p.a. for PLI. The ongoing charges ratio has fallen from 0.64% p.a. to 0.46% p.a.

The Company's objective is to achieve a high and growing income combined with capital growth through investment in a portfolio principally of UK equities. We have achieved all of these in the past year with a 4.0% dividend yield on the year end share price, the 48th consecutive year of dividend growth and an 18.5% increase in the share price over the year. NAV total return performance of 20.6% came in slightly behind the FTSE All-Share Index, making this a year of consolidation after two very strong years. Charles Luke explains the performance in detail in his Investment Manager's Report.

abrdn plc, formerly Standard Life Aberdeen PLC, is our appointed Manager; its change of name has no impact on the business model, administration or operations of the Company. Charles Luke has been our portfolio manager since 2006 and his investment process is best summarised as a search for good quality companies at attractive valuations. abrdn defines a quality company as one capable of strong and predictable cash generation, sustainably high returns on capital and with attractive growth opportunities. These typically result from a sound business model, a robust balance sheet, good management and strong environmental, social and governance characteristics. These qualities helped avoid the worst of the dividend shocks in 2020.

Online Shareholder Presentation on 13 October 2021

Before welcoming shareholders to our Annual General Meeting ("AGM") in London on 2 November 2021 we will hold an online presentation for existing and potential shareholders at 11.00am on 13 October 2021. This will feature the Chairman and Charles Luke discussing the outlook for the Company and answering your questions. If possible, please submit questions in advance by email to **murray.income@abrdn.com** no later than 9 October 2021.

Income and Dividend Policy

The Board declared, on 4 August 2021, a fourth interim dividend per share of 9.75p, payable on 16 September 2021, which makes a total for the Year of 34.50p, an increase of 0.7% on the 34.25p per share paid in the previous year. This marks the 48th consecutive year of dividend increases, securing our place on the AIC's list of Dividend Heroes.

Revenue per share for the year was 33.7p, up 10.5% from the previous year's 30.5p. This means that the 34.50p dividend was 98% covered by income received during the year. Our current projections show revenue per share surpassing the dividend for the Year, a much faster recovery than looked possible a year ago and three years ahead of Link Group's projection of when UK dividends will return to previous highs. The remaining 2% of the Year's dividend (0.8p per share) comes from our revenue reserves. This leaves revenue reserves of 12.9p per share available to support future dividends, equivalent to 37% of the current annual dividend of 34.50p. This ability to access revenue reserves, a particular feature of investment trusts, is a huge advantage in allowing the Company to deliver regular and growing income for shareholders.

The first three dividends of the four paid annually are normally for the same amount. For the Year being reported, the first three dividends were different as a consequence of the merger with PLI - to ensure our shareholders were equitably treated. It is the intention of the Board to revert to the normal policy of three equal interim dividends plus a fourth interim dividend to be declared after the year end. In order to pay evenly spaced quarterly dividends, the Company does not pay a final dividend and there is no shareholder vote on a final dividend. Consequently, to ensure best practice in corporate governance, shareholders will again be given the opportunity to vote on the dividend policy of the Company at the AGM.

Chairman's Statement Continued

Environmental, Social and Governance ("ESG")

This year's Annual Report includes enhanced information about the Manager's approach to ESG and, through reference to specific case studies, how these principles are applied in relation to the Company's investment portfolio. The Manager is encouraged to seek out those companies which are expected to best meet shareholders' objectives.

The Manager does not judge the suitability of an investment from an ESG perspective on a purely binary basis. Instead, a dynamic approach is taken, investing in companies where the greatest alignment to mitigating the risks can be seen or pursued further through their commitment to improving their ESG profile. The Manager believes in active engagement with our investments and potential investments: from providing initial guidance on suitable metrics through to holding the company to account for delivering on its promises. It is through this filter that the Manager is comfortable investing in, for example, sectors such as mining and oil & gas, subject to the belief that a company is taking the necessary action to address the energy transition. The Manager has high expectations for these companies given that many commodities are necessary for the transition to a low carbon future.

Share Capital

The Company did not issue, sell from treasury, or buy back any shares during the year ended 30 June 2021 other than in connection with the merger with PLI. As at 30 June 2021, there were 117,046,487 Ordinary 25p shares in issue with voting rights and an additional 2,483,045 shares held in treasury.

Discount

Over the course of the Year, the discount widened from 5.0% to 6.8%, although the average discount was 4.4% and the range was from a 10.9% discount to a 3.1% premium. The Board monitors the discount level closely and is requesting permission from shareholders at the AGM, as it has done in previous years, to renew the buyback and issuance authorities.

Ongoing Charges

The merger with PLI has enabled us to reduce substantially the level of ongoing charges to shareholders. The largest cost is the investment management fee payable to abrdn which is calculated on a sliding scale with a marginal rate of 0.25% on assets over £450m. The effect of expanding the Company has been to reduce the blended management fee from 0.48% last year to 0.39% for the Year, calculated without the deduction for the Manager's non-recurring fee waiver (see Note 4 to the Financial Statements on page 70). With most of the other ongoing charges being fixed costs, the overall ongoing charges rate has fallen from 0.64% to 0.46%. However it should be noted that this Year's figure includes a one off, six-month management fee holiday granted by the Manager which will not be repeated.

Gearing

The Company has £100m of long-term borrowings with repayments of £40m due in 2027 and £60m due in 2029 at a blended cost of 3.6% per annum. Together with a £20m short-term multicurrency facility with Scotiabank the Company has £120m of borrowing facilities available representing up to 11.0% of net asset value. With the beta of the investment portfolio currently running at 0.89 (typical of the investment manager's style, and meaning that statistically the portfolio is expected to capture 89% of any market movement), the Board believes that the appropriate neutral gearing rate is 10%. At 30 June 2021, the net gearing was 10.3%.

Board Composition

We invited three PLI directors to join us on completion of the merger in November 2020. Alan Giles remains with us and is contributing strongly. Richard Laing and Georgina Field both resigned during the second half of the year, earlier than expected. This was due to changes in their other business commitments and our requirement that Directors remain independent.

Jean Park and Donald Cameron will retire from the Board at the conclusion of the forthcoming AGM on 2 November 2021, both having served their full nine-year terms. Jean served as Audit Committee Chair from 2013 to 2019 before taking on the role of Senior Independent Director. Jean's contribution in the areas of risk management and her considerable commercial experience have proved a valuable resource for the Board. Donald's legal and political expertise has been invaluable during a period of significant change for the Company. We wish both Jean and Donald well and they leave with our sincere thanks for their efforts on behalf of shareholders.

After careful consideration we have appointed Trust Associates to help find us a new Director to take us back to our normal number of six Directors and we hope to announce the successful candidate in the final quarter of 2021.

AGM

The Company expects to hold the AGM in its traditional format, without any restrictions imposed by measures to restrict the transmission of Covid-19. There remains the possibility that such measures are reintroduced, including rules on social distancing and limitations on, among other things, public gatherings.

The safety, security and health of the Company's shareholders, their guests and our advisers, including the Manager's personnel, is of paramount importance to the Board.

The Company will update shareholders as to any changes to the proposed arrangements for the AGM through its website at **murray-income.co.uk** and, where appropriate, through announcement on the London Stock Exchange.

The AGM will be held at 12.30pm on Tuesday 2 November 2021 at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB. 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 our Investment Manager, Charles Luke. There will then be the formal part of the meeting where shareholders get to vote on and ask questions about the AGM resolutions. Shareholders may bring a guest with them to the meeting.

Action to be Taken:
If you wish to attend and are unsure how to register, please email **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, you are encouraged to complete the Form of Proxy in accordance with the instructions printed on it and return it in the prepaid envelope as soon as possible but in any event so as to be received no later than 12.30pm on 29 October 2021. Completion of a Form of Proxy does not prevent you from attending and voting in person at the AGM if you wish to do so.

If you hold your shares in the Company via a share plan or a platform and would like to attend and/or vote at the AGM, then you will need to make arrangements with the administrator of your share plan or platform. For this purpose, investors who hold their shares in the Company via the Aberdeen Standard Investments Plan for Children, the Aberdeen Standard Investments Trust Share Plan and/or the Aberdeen Standard Investments Trust ISA will find a Letter of Direction and Invitation Card enclosed. Shareholders are encouraged to complete and return both the Letter of Direction and Invitation Card in accordance with the instructions printed thereon.

Further details on how to attend and vote at company meetings for holders of shares via share plans and platforms can be found in the enclosed letter or at **theaic.co.uk/aic/shareholder-voting-consumer-platforms**

I always welcome questions from our shareholders at the AGM. Shareholders are asked to submit their questions to the Board prior to the AGM and in any event by no later than 22 October 2021. The Board and/or the Investment Manager will respond to all such questions received either before or after the AGM. You may submit questions on the Company, the Annual Report or Notice of AGM in advance by email to the Board and Manager by sending such questions to **murray.income@abrdn.com.**

Update
From 30 June 2021 to 16 September 2021, being the latest practicable date prior to approval of the Annual Report, the NAV per share and share price returned 5.0% and 5.5%, respectively, outperforming the FTSE All-Share Index which returned 2.0%, all figures on a total return basis.

Former PLI shareholders have now experienced outperformance since the merger on 17 November 2020 with a NAV per share total return of 19.0% as compared to the FTSE All-Share Index's return of 16.1%, as at 16 September 2021 being the latest practicable date prior to approval of the Annual Report. The equivalent share price total return for the same period was 12.2% as a result of a wider discount.

Outlook
A year ago we were wondering whether Sweden or New Zealand were the models to follow for Covid recovery. Hardly anyone thought that the UK's vaccination policy would be the model to follow. While there is still a lot that could go wrong, it does now appear that the UK economy is recovering much faster than expected. Many UK companies have adapted successfully and some sectors have already surpassed their 2019 highs. Yet UK stock market valuations still seem low by international and historical standards, particularly on a cash flow and yield basis.

International investors were particularly nervous about Brexit too, with UK weightings in global portfolios at very low levels. The Brexit effect is hard to see in the aggregate economic and corporate numbers that have been so much distorted by Covid but there does not seem to have been the expected big negative. We have argued that quality companies should be able to adapt successfully and many seem to be doing so.

The new negative that is starting to show is inflation. There is a big debate whether the effects will be transitory or more serious and in truth it is too soon to tell. Many companies are reporting labour shortages and having to raise wages to retain or attract staff.

Chairman's Statement Continued

In moderation this is good news for real wage growth and its effect on consumer spending (also for reducing inequality) but negative for the companies if they cannot offset the extra costs. Only when inflation becomes too high or too embedded does it become a problem and that is not happening yet.

The Company's portfolio comprises quality companies with reliable and growing cash flows that seem attractively valued. They have strong ESG credentials and a record of adapting successfully to change. They operate either in the UK economy that is a leader in the global recovery or in the rest of the world that will catch up fast. If you only looked at the corporate and economic numbers it would be quite easy to make a bullish case. It's listening to the news that seems to make everyone worry.

Neil Rogan
Chairman
20 September 2021

Investment Manager's Report

Charles Luke and Iain Pyle, Aberdeen Asset Managers Limited

Background

For the UK equity market, the year ended 30 June 2021 (the "Year") was framed by attempts to tame the impact of the Covid-19 pandemic from both an economic policy and medical perspective. At the start of the financial year, given the number of uncertainties, the prospect that the FTSE All-Share Index might end the period some 21% higher on a total return basis (that is, with dividends reinvested) might have appeared remote. Indeed, the FTSE All-Share Index fell by approximately 7% during the first four months of the financial year as investors fretted over a second wave of Covid-19 and the uncertainty over the delivery of an efficacious vaccine. However, the end of October marked the nadir for market levels with November onwards witnessing a strong recovery. The catalysts for the recovery were the reduction in uncertainty following the election of Joe Biden as President of the United States and then, shortly after, successful trial results of three major Covid-19 vaccines. The market also responded positively to the late Brexit deal on Christmas Eve. Success in the roll-out of the vaccine and improving sentiment resulted in the market performing well during the second half of the Year.

Domestic economic data published across the first half of the Year reflected the prior gradual easing of coronavirus restrictions. UK GDP grew month-on-month until November when it fell by 2.6%, the first time GDP had fallen since April 2020. As the initial rounds of emergency fiscal stimulus packages delivered at the peak of the crisis began to expire, these were generally extended. Indeed, the Autumn Budget was cancelled given the need for a nearer term focus on protecting the economy. Calendar 2020 GDP fell by 9.9% which was the largest yearly fall on record and brought GDP to a similar level as in 2013. However, the pace of the vaccine roll-out and further economic support, such as the extension to the furlough scheme until September 2021, resulted in greater optimism around the recovery. For example, consumer confidence rose steadily throughout the first half of calendar 2021 and the housing market has been persistently strong. Despite further restrictions at the start of the calendar year and the emergence of the delta variant of Covid-19 resulting in the easing of some lockdown restrictions being delayed from June to July, GDP growth improved consistently during the first six months of the calendar year. The Bank of England now expects 7.3% growth in calendar year 2021, the largest expansion in 70 years.

Throughout the period the Bank of England maintained base rates at 0.1% but increased the size of its government bond purchasing programme to £875 billion at its November meeting. The unemployment rate ended the Year at 4.7%, better than might have been hoped for. Inflation data for June showed the Consumer Prices Index increased by 2.5% in the 12 months to June 2021 representing the highest level since August 2018, driven in part by base effects. The Bank of England expects that the inflation rate will exceed 3.0% but that this should be transitory given spare capacity in the economy and longer term factors bearing down on inflation. This expectation for muted longer term inflation can also partly be witnessed in 10 year UK gilt yields that having risen since the start of the period to reach a high of around 0.9% in May, have subsequently fallen back, a pattern that has been reflected globally.

Overseas, the pick-up in the pace of activity was generally stronger in developed markets, particularly the United States, reflecting progress in vaccination roll-outs and fiscal support, as compared to emerging economies, albeit Chinese economic activity has remained robust since emerging quickly from the crisis. Oil and other commodity prices have increased over the Year, reflecting the improving backdrop of increased demand and falling stocks. Although, the JP Morgan Composite PMI survey declined from its 12 month high in June, it continues to indicate robust global growth. The International Monetary Fund expects the global economy to grow by 6.0% in 2021 and 4.9% in 2022.

Performance

The Company generated a strong positive net asset value per share total return of 20.6% in the year to 30 June 2021 which compares to a 5.3% fall in the prior year. The benchmark FTSE All-Share Index increased by 21.4% over the period. The portfolio outperformed in the first and final quarters of the financial year but underperformed during the second and third quarters. Given the portfolio's focus on high quality companies, we would always expect to underperform in a 'dash to trash' rally. Indeed, in November following news of the efficaciousness of a number of vaccines, poor quality companies that had previously performed very poorly and where the market had questioned their ability to survive, rebounded strongly (albeit their income has not returned to previous levels). As this scenario can only occur once, it is perhaps more insightful to judge performance relative to the benchmark through a longer term lens. Moreover, it is also important to consider risk-adjusted returns or

Investment Manager's Report Continued

in other words how much performance is being generated for each unit of risk. One measure of this is the 'information ratio' and it was pleasing that the Company was awarded the Citywire UK Equity Income Investment Trust of the Year award during the period for a three year information ratio considerably ahead of all of its peers.

On a total return basis, the Company's share price increased by 18.5% which reflected a marginal widening of the discount to Net Asset Value at which the shares traded compared to the previous year end. Most of this widening occurred in the last month of the Year, but it has now been reversed, with the discount falling from 6.8% to 5.8% as at 16 September 2021, the latest practicable date prior to approval of this Report.

In absolute terms, following the addition of PLI's £60m of senior secured fixed rate notes 2029 to the Company's existing £40m of senior secured fixed rate notes 2027 and approximately £6m drawn down from an unsecured multi-currency revolving credit loan facility agreement with Scotia Bank Europe PLC, debt increased to £118.5m at the end of the period. The period end net gearing of 10.3% compared to a level of 5.3% at the end of the prior period.

The performance attribution for the Year is complicated by changes in sector classification during the year such that a number of sub sectors appear in two over-arching sectors. For example, beverages is represented in both Consumer Staples and Consumer Goods. In a broad reversal of the prior year's performance, the more cyclical, economically-sensitive areas of the market such as mining, industrials and, travel and leisure companies generally performed strongly, while defensive areas of the market such as tobacco, pharmaceuticals and utilities underperformed.

From a size perspective, repeating the pattern of the prior year, the FTSE 100 Index underperformed both the Mid 250 and Small Cap Index. The FTSE 350 High Yield Index marginally outperformed the FTSE 350 Low Yield index during the period.

Looking specifically at the Company's portfolio, stock selection was negative and asset allocation positive over the Year. Both factors were positive over three and five years, with stock selection being a more significant positive contributor than asset allocation. Negative stock selection during the Year represented not owning poorer quality companies that performed strongly during this financial year but had been very weak in the prior period.

Performance Attribution for the year ended 30 June 2021

	%
Net Asset Value total return for year per Ordinary share	20.6
FTSE All-Share Index total return	21.4
Relative return	**–0.8**

Relative return	**%**
Stock selection	
Energy	0.1
Oil & Gas	–0.1
Basic Materials	–0.5
Industrials	–0.3
Consumer Goods	–0.2
Health Care	0.3
Consumer Staples	0.4
Consumer Services	–0.6
Consumer Discretionary	–0.1
Telecommunications	–0.4
Utilities	–0.3
Technology	0.1
Financials	–1.3
Total stock selection (equities)	**–2.9**
Asset allocation (equities)	
Energy	0.3
Oil & Gas	0.1
Basic Materials	0.3
Industrials	0.4
Consumer Goods	1.2
Health Care	–0.9
Consumer Staples	0.2
Consumer Services	–1.4
Consumer Discretionary	0.7
Utilities	–0.1
Financials	–0.1
Total asset allocation (equities)	**0.7**
Cash & options	–0.2
Gearing	2.3
Administrative expenses	–0.2
Management fees	–0.4
Tax charge	–0.1
Total	**–0.8**

Sources : Aberdeen Standard Investments and BNP Securities Services

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 the two asset categories. Gearing effect – measures the impact on relative returns of net borrowings. Administrative expenses, Management fees and Tax charge – these reduce total assets and therefore reduce performance.

Turning to the individual holdings, there were numerous companies that demonstrated strong share price increases. The share prices of Dechra Pharmaceuticals, Howden Joinery, Sirius Real Estate, Weir and Inchcape all increased by over 50% during the Year.

Nearly all the holdings performed as expected or better than expected from an operational standpoint. However, the two poorest share price performances were from Telecom Plus and GlaxoSmithKline whose share prices fell by 17.0% and 8.1% respectively. In addition to their more defensive characteristics which were not in vogue during the period, Telecom Plus suffered as its agents found it more challenging to visit customers' homes, and GlaxoSmithKline's share price performance reflected a lack of success in its pharmaceutical pipeline.

Portfolio Activity and Structure

The combination of the Company's investment portfolio with that of PLI was finalised in November 2020. The Investment Manager had already worked to realign the two portfolios in advance and hence it was a relatively simple task to aggregate the investments, with no unwanted holdings being transferred.

Turnover of approximately 20% on an underlying basis (ie excluding the impact of the combination with PLI) was lower than the prior year. The pattern of trades reflects a desire to reduce exposure to some of the largest companies in the market and a willingness to increase the active share of the portfolio, which is now approximately 70%, while further both improving the quality of the portfolio and maintaining the focus on capital and dividend growth.

Twelve new holdings were added to the portfolio of which three were large cap companies. The first of these was Intermediate Capital Group, the specialist investment firm and asset manager, where we have confidence in future fund raising opportunities, the company's strong balance sheet, and like the visibility of future management fees. We also started a position in Sage, the software publishing company, where we believe the company now offers the potential for good top line growth and high and growing margins, coupled with a strong balance sheet at an attractive valuation. The third new large cap company was DS Smith, the paper and packaging company which we see as having improving quality characteristics and looks set to benefit from structural demand from ecommerce and a need for plastic alternatives in a consolidating market.

There were seven mid-cap company introductions. The first was Safestore, which owns and operates self-storage facilities mostly in the UK and France. The business has attractive defensive attributes and further scope for growth from greater occupancy and better pricing together with expansion in Europe. The second mid cap purchase was Direct Line, the personal and commercial insurance provider. The business benefits from a strong brand and was purchased given its attractive dividend yield and resilient earnings stream. A holding in Softcat was introduced to the portfolio. The company is the second largest technology reseller in the UK. Its culture, customer relationships and broad offering should continue to allow it to outperform a fragmented market. Another mid cap new holding was Electrocomponents, the electronic and industrial products distributor. We believe that the company exhibits attractive growth prospects and improving margins while benefiting from a strong management team and a robust balance sheet. A new position was started in One Savings Bank, the specialist mortgage lender, which offers an attractive dividend yield at a valuation that currently fails to give credit for its high return on equity. We also purchased shares in Vistry, the housebuilder formed in 2020 following the merger of Linden Homes, Galliford Try Partnerships and Bovis Homes. The stock has an attractive dividend yield and we like the quality aspects of the Partnerships business which is yet to be factored into the company's valuation. Finally, we participated in the IPO of Moonpig which offers access to the large and untapped online gifting market through its greeting cards. The company has a strong brand, attractive margins, a leading technology position and a market share three times its nearest competitor.

In addition, we added one overseas holding, Taiwan-listed Accton Technology, a network equipment technology company, which offers exposure to the growth of data centres and internet traffic which is more difficult to find in the UK market. Also, one small cap company was introduced, Stenprop, a real estate investment trust providing multi-let industrial space in the UK. The business has significant multi-year tailwinds in rental growth and tenant demand for its assets.

Furthermore, we increased exposure to a number of our existing holdings which we believe have high quality characteristics with attractive long term growth prospects including: Coca-Cola Hellenic; Howdens Joinery; Diageo; Close Brothers; and Marshalls.

We sold eight holdings during the period. Firstly, National Express, the bus operator, as we became less confident in the pace of recovery for earnings and the timing of the reinstatement of the dividend. Secondly, the small residual holding in Diversified Gas & Oil was also sold. The residual holding in AB Foods was sold given the more challenging trading environment

Investment Manager's Report Continued

and lack of an online presence for Primark. The holding in Big Yellow was sold with the proceeds reinvested into peer Safestore which we believe has better long term growth opportunities due to its European exposure. Roche was sold due to concern over a potentially more challenging US pricing environment for drugs similar to its product range. The holding in British American Tobacco was sold: as tobacco's 'social licence' declines there is the potential for governments to take stronger action on regulation and/or taxation. In addition, societal shifts lead to less smoking of traditional cigarettes and the business model and profitability of next generation products is significantly more uncertain. Following a sharp share price increase during the year, the position in Softcat was sold as the valuation looked less attractive compared to Accton Technology for which the proceeds were used to purchase. Finally, we exited the small position in Standard Life Smaller Companies Trust given the overlap with existing holdings.

In addition, we took profits in a number of holdings that had performed strongly and where the valuation had started to look less attractive such as Croda International, Nestle, VAT Group, and Microsoft.

We continued our measured option-writing programme which is based on our fundamental analysis of the holdings in the portfolio. We believe that 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. The income from writing options decreased in percentage terms accounting for 7.0% of total income compared to 10.8% during the prior year.

With our longer term investment horizon, we continue to put significant effort into engagement with the companies in the portfolio to ensure that they are run in shareholders' best interests. Examples of the subjects of our engagement during the year have included issues such as board composition (involving diversity, experience , expertise and remuneration), capital allocation and M&A activity, risk management (including issues such as cyber security, dividend and balance sheet policies, climate change, sustainability and environmental issues) and child labour. These issues have been pursued through meetings with the executive management of the companies as well as the non-executives, particularly the chairs of the board and remuneration committees.

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. The ability to invest up to 20% of gross assets overseas is helpful in achieving these aims and, at the year end, the portfolio comprised 60 holdings with the overseas exposure representing 11.1% of gross assets.

Income

For the financial year ended 30 June 2021, the Company witnessed an increase in the level of income as nearly all of the holdings that had suspended their dividends returned to the dividend list (and in a number of cases paid 'catch-up' dividends) together with growth in the dividends of those companies that continued to pay dividends. Included in income from investments were five special dividends (from Kone, Rio Tinto, John Laing, Direct Line and Howden Joinery) that were recognised as revenue items. We believe that this recognition is appropriate given that the return of cash was from a build-up of profits generated by ongoing operations rather than a sale of assets.

Taking account of expenses and taxation, the earnings per share increased by approximately 10.5% from 30.5p to 33.7p. The focus on high quality companies with resilient earnings and strong balance sheets has been key to protecting the revenue account during this particularly challenging period for income generation. The resilience of the income generation of the portfolio and the Company can be demonstrated by comparing the earnings per share for the year to the end of June 2019, being the period before the impact of the pandemic, with performance during the year under review. Compared to the financial year ended June 2019, earnings per share for the Year fell by 3.3% versus a fall in the income generated by the market, according to Link, of 32.1%. Across the wider market, there are now some encouraging signs regarding the recovery in dividends. As forecast by Link, it is likely to be 2025 before income generated returns to pre-pandemic levels. Our forecasts suggest that, helped by the bumper dividends from mining holdings Rio Tinto and BHP, earnings per share for the Company will likely surpass pre-pandemic levels in the financial year to June 2022. Furthermore, we remain very confident about the long term income growth potential of the portfolio.

Outlook

We expect that the global economy will experience several years of above-trend growth as it emerges from Covid-19 aided by the vaccine rollouts and accommodative fiscal and monetary policy settings. However, divergence and asynchronous recoveries are likely to characterise this future period with disparities reflecting early and late vaccinators, developed and emerging economies, and manufacturing and services industries. For the UK in particular, the backdrop both economically and politically is supportive with a stable government, a fast vaccine rollout and Brexit concerns now in the rear view mirror.

Given this generally supportive backdrop, we are increasingly sanguine about the potential for the holdings in the portfolio to perform well while continuing to deliver an appealing and sustainable income stream. Moreover, valuations of UK-listed companies remain attractive on a relative basis. As an example, the dividend yield of the UK market remains at an appealing premium to other regional equity markets let alone other asset classes.

Indeed, we believe that in many cases the attractiveness of our holdings is not reflected in their share prices, particularly given the underlying strengths of the businesses. This view is reflected in the bids for holdings John Laing and Sanne that we witnessed towards the end of the financial year. We think a fair proportion of the portfolio may be vulnerable to corporate activity and it is noteworthy that private equity purchasers often look for attractive quality characteristics in potential acquisitions that dovetail with our investment criteria. Furthermore, international investors remain underweight the UK providing further potential demand for quality UK companies as the economy continues to recover. Therefore, we feel very comfortable maintaining our investments in high quality companies capable of growing their earnings and hence their dividends over the long term.

Charles Luke and Iain Pyle,
Aberdeen Asset Managers Limited
Investment Manager
20 September 2021

Investment Case Studies

The consideration of Environmental, Social and Governance ("ESG") factors is a fundamental part of the Investment Manager's process and has been so for over 30 years. Pages 88 to 90 describe how ESG factors are considered by the Investment Manager, including the increasing focus on the risks and opportunities created by climate change.

The following are two examples of active engagement demonstrated by the Manager during the year in relation to the Company's current investment portfolio.

Sirius Real Estate is a leading owner and operator of business parks, offices and industrial complexes in Germany providing flexible and conventional workspace to companies. Historically, the company's governance had not aligned with best practice. However, encouraged by our engagement with the company, there have been significant improvements to the independence and diversity of the board, the company's remuneration policy and modern slavery policy, together with a move from AIM to the main market. As part of our ongoing dialogue with the company we have focussed more recently on environmental issues. In particular, data gathering for scope 1, 2 and 3 emissions for which we have encouraged the company to release targets for managing these over the medium term. We are expecting that a strong investment case, coupled with ongoing ESG improvements following our engagement, will lead to attractive returns from our investment in the company.

Countryside Properties is transitioning away from its traditional housebuilding operations to focus on its Partnerships division which is the market leader in the delivery of high quality mixed-tenure communities in partnership with housing associations, public bodies and institutional private rental operators. As part of this transition, we engaged with the company to ensure that any decisions taken with regard to the traditional house building operations would reflect the opportunity to crystallise the greatest value for shareholders prepared to take a long term view. Having liaised with the company on numerous occasions to express our opinion we were pleased that the board recently decided to wind down the house building assets over time which we believe to be the best course of action rather than simply selling off these assets over a much shorter period.

Overview of Strategy

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

Business Model

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 plc ("abrdn"), and other third party providers. The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML", the "Manager", or "AIFM") as its alternative investment fund manager, which has in turn delegated certain responsibilities, including investment management, to Aberdeen Asset Managers Limited ("AAML" or the "Investment Manager"). The Company complies with the investment policy test in 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 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.

Investment Limits

The Board sets investment guidelines within which the Investment Manager must operate. The portfolio typically comprises between 50 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%. 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.

Overview of Strategy Continued

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, and these are described below, with those also categorised as Alternative Performance Measures marked with an asterisk:

KPI	Description
NAV (total return) * relative to the Company's benchmark	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 performance against the FTSE All-Share Index over the past five years is shown on page 26.
Share price (total return)*	The figures for share price (total return) for this year and for the past three, five and ten years, as well as for the NAV (total return) per share, are shown on page 26. A graph showing share price total return performance against the FTSE All-Share Index over the past five years is shown on page 26. The Board also 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.
Discount/premium to NAV*	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 26.
Earnings and dividends per share	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 Results on page 25 in respect of earnings and dividends per share, together with the level of revenue reserves, for the current year and previous year.
Ongoing charges*	The Board regularly monitors the Company's operating costs and their composition with a view to limiting increases wherever possible. Ongoing charges are disclosed in Results, on page 25 for the current year and the previous year noting that the former reflects a one off, six-month management fee holiday granted by the Manager which will not be repeated.

Principal Risks and Uncertainties

There are a number of principal risks and uncertainties which, if realised, could have a material adverse effect on the Company's business model, future performance, solvency and liquidity. The Board, through the Audit Committee, has put in place a robust process to identify, assess and monitor the principal risks, including emerging risks, and uncertainties. This is described in the Audit Committee's report on pages 49 to 51. As part of this, the Committee uses a Risk Control Self-Assessment and Risk Heat Map to identify the Company's principal risks and uncertainties. These, together with potential effects, controls and mitigating factors, are summarised below.

The key, principal uncertainty for the Company during the financial year was the continuing effects of the Covid-19 pandemic ("Covid-19") which caused significant economic disruption and contributed to global stock market volatility. The longer term effects of Covid-19 are as yet unknown.

The Manager, on behalf of the Board, sought assurances from the Company's key service providers, as well as from its own operations, that they had invoked business continuity procedures and appropriate contingency arrangements to ensure that they remain able to meet their contractual obligations to the Company. Other than the increased uncertainty created by Covid-19 and the reduced uncertainty related to the UK's exit from the EU , the Audit Committee does not consider that the principal risks and uncertainties have changed materially during the year ended 30 June 2021.

In addition the Board has identified, as an emerging risk which it considers is likely to become more relevant for the Company in the future, the implications for the Company's investment portfolio of climate change; further details may be found under 'Market Risk'.

Principal Risk	Mitigating Action
STRATEGIC	
Discount control risk 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.	The Board monitors the discount at which the Company's shares trade and will buy back or issue shares to try to minimise the impact of any discount or premium volatility. Whilst these measures seek to reduce volatility, they cannot guarantee to do this.
Gearing risk The Company uses credit facilities. 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.	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.
MARKET	
Market risk 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. Changes in general economic and market conditions, such as interest rates, exchange rates and rates of inflation, as well as political events and trends could substantially and adversely affect the prices of securities and, as a consequence, the Company's prospects and share price. The risk posed by Covid-19, in driving stock market volatility and uncertainty, appears to be receding as the global economy starts to return to its previous levels.	The Company's investment policy and risk diversification may be found on page 17. 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 to peers and the Company's benchmark. 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. The Board engages with the Manager, at each Board meeting, to understand how climate change, represented by environmental factors as part of ESG, is a key consideration within the Manager's investment process (see also pages 88 to 90 for further information on the Manager's overall approach to ESG).

Overview of Strategy Continued

Principal Risk	Mitigating Action
INVESTMENT MANAGEMENT	
Investment management risk The Company relies on the Manager, to whom responsibility for the management of the Company has been delegated under a management agreement (further details of which are set out on page 39 and 40).	The Board has set investment limits and guidelines. The Board reviews the compliance with these limits. The Company reviews the performance of the Manager informally at each Board meeting and a formal annual review is undertaken by the Management Engagement Committee.
Dividend risk There is a risk that the Company fails to generate sufficient income from its investment portfolio to meet the Company's dividend requirements. 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.	The Board reviews monthly detailed estimates of revenue income and expenditure prepared by the Manager and, if required, challenges the Manager as to the underlying assumptions made in individual securities' earnings and the Company's expenditure. 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. In addition, at the AGM on 27 November 2020, shareholders approved a change to the Company's Articles of Association to allow dividends to be paid from capital, which provides additional flexibility.
REGULATORY	
Regulatory risk, including change of existing rules and regulation 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. This risk would be exacerbated by inadequate resources or insufficient training within the Company's third party providers to properly manage compliance with current and future requirements. The Company's business model could become non-viable as a result of new or revised rules or regulations arising from, for example, policy change or financial monitoring pressure.	The Manager provides investment, company secretarial, administration and accounting services through qualified third party professional providers. The Board receives regular reports from them in respect of their compliance with all applicable rules and regulations. The Board receives regular reports from its broker, depositary, registrar and Manager as well as the industry trade body (the Association of Investment Companies) on changes to regulations which could impact the Company and its industry. The Company monitors events and relies on the Manager and its other key third party providers to manage this risk by preparing for any changes, adverse or otherwise.

Principal Risk	Mitigating Action
OPERATIONAL	
Service provider risk In common with most other investment trust 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 Securities Services (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 another 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 Securities Services 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 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 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
Financial risk The Company's investment activities expose it to a variety of financial risks which include market risk (which is covered earlier in this section, on page 19), liquidity risk and credit risk (including counterparty risk).	Details of these risks and the policies and procedures for their monitoring and mitigation are disclosed earlier in this section and in note 17.
Emerging risk 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.	The Board regularly reviews all risks to the Company, including emerging risks, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events.

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 AIFM, which is available from the Company's website: **murray-income.co.uk**.

Overview of Strategy Continued

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 18 to 21;
- the relevance of the Company's investment objective, particularly in light of the present lower yield environment;
- the demand for the Company's shares 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 likelihood of the Company being able to continue to meet the covenants under its current borrowing arrangements, and the covenants attaching to any replacement borrowing arrangements, over the next five years;
- the £40m senior loan notes and £60m senior loan notes, which are repayable in 2027 and in 2029, respectively ; and
- any requirement for the Company to repay or refinance the drawn-down element of its £20 million bank loan facility prior to, or at, its maturity in November 2021.

In making this assessment, the Board has considered in particular the potential short and longer term impact of Covid-19, in the form of a large economic shock, a period of increased stock market volatility and/or markets at depressed levels, a significant reduction in the liquidity of the portfolio 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, including the potential for lower dividend income in the future as companies suspended or cancelled dividends, 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 ended 30 June 2021, including future developments, is set out in the Chairman'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 29 to 34 while the full portfolio of investments is published monthly on the Company's website. The Company's Statement of Financial Position on page 63 shows the assets and liabilities at the year end. Borrowing facilities at the year end comprised a mix of fixed and floating debt: a one year £20 million bank loan, the £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 12 and 13 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.

Environmental, Social and Human Rights Issues

The Company has no employees and, accordingly, there are no disclosures to be made in respect of employees. The Company's environmental, social and governance policy is outlined on page 43. Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it 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.

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 the Board to fulfil its obligations. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and therefore the Company does not consider it appropriate to set diversity targets. At 30 June 2021, there were four male Directors and three female Directors.

Neil Rogan
Chairman
20 September 2021

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 review. 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 the inside front cover 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, lenders and investee companies and the following table sets out details of the Company's engagement.

Stakeholder	How We Engage
Shareholders	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 39 to 44.
Manager	The Investment Manager's Report on pages 11 to 15 details the key investment decisions taken during the year. The Board engages with the 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. The Management Engagement Committee's monitoring of the performance of the Manager over the year is detailed on pages 40 and 41.
Other Key Third Party Service Providers	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, the 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 50. In addition, as a result of Covid-19, the Board sought regular assurance that key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of Covid-19.

Promoting the Success of the Company Continued

Stakeholder	How We Engage
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 Manager. In order to achieve this, the 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 pages 88 to 90.
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 ended 30 June 2021.

Combination with Perpetual Income and Growth Investment Trust plc ("PLI")

The Board devoted significant time to evaluating the benefit to the Company, its shareholders and other stakeholders, of the proposed combination with PLI. The Board considered the best interests of shareholders in assessing the costs and benefits which would result from the proposed combination with PLI, including taking advice from the Company's independent stockbroker and lawyer.

The Board also considered the impact on other stakeholders, particularly PLI shareholders, of the proposed combination. Shareholders approved the combination at a general meeting held on 9 November 2020, with 98.4% votes in favour.

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 of 34.50p in respect of the year and the Company's dividend policy to pay four interim dividends reflects this.

In addition, as a one-off arising from the PLI combination, the Board resolved to pay different rates for the first three interim dividends for the year ended 30 June 2021 to ensure that shareholders were equitably treated.

Lastly, to provide flexibility should it be required, the Board concluded that a resolution to enable payment of dividends from capital should be put to shareholders. The amendment to the Articles of Association removed the prohibition on payment of dividends from capital and this was approved by shareholders at the AGM on 27 November 2020.

Management of the Portfolio

In response to Covid-19, the Board met more frequently, earlier in the year, to oversee the Company's operations during periods of stock market volatility when the portfolio value had been subject to significant fluctuations and there had been greater uncertainty over the income level that the Company might receive in the future.

Board Succession

The Board, via the Nomination Committee, has considered the succession of Directors in light of the planned retirement of Jean Park and Donald Cameron at the conclusion of the AGM on 2 November 2021. The Board has undertaken a review of three search companies following which Trust Associates has been engaged to assist the Board in recruiting a new Director.

Results

Financial Highlights

	30 June 2021	30 June 2020	% change
Shareholders' funds (£'000)	1,093,859	534,361	+104.7
Net asset value per Ordinary share – debt at par	934.6p	808.3p	+15.6
Market capitalisation (£'000)	1,019,475	507,728	+100.8
Share price of Ordinary share	871.0p	768.0p	+13.4
Discount to net asset value on Ordinary shares – debt at par[A]	6.8%	5.0%	
Gearing (ratio of borrowing to shareholders' funds)			
Net gearing[A]	10.3%	5.3%	
Dividends and earnings			
Revenue return per share	33.7p	30.5p	+10.5
Dividends per share[B]	34.50p	34.25p	+0.7
Dividend cover[A]	0.98 times	0.89 times	
Dividend yield[A]	4.0%	4.5%	
Revenue reserves (£'000)			
Prior to payment of fourth interim dividend[C]	26,485	22,195	
After payment of fourth interim dividend[D]	15,073	15,915	
Operating costs			
Ongoing charges ratio[A,E]	0.46%	0.64%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 96 and 97.
[B] The figures for dividends per share reflect the years in which they were earned (see note 7 on page 71).
[C] Per the Statement of Financial Position on page 63.
[D] Fourth interim dividend for the year ended 30 June 2021 of £11,412,000 (9.75p per Ordinary share). Fourth interim dividend for the year ended 30 June 2020 of £6,280,000 (9.50p per Ordinary share).
[E] 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 net asset values with debt at fair value throughout the year.

Ten Year Financial Record

Year end 30 June	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Income (£'000)	22,688	23,566	23,926	25,476	24,838	26,667	25,987	25,597	22,804	35,979
Shareholders' funds (£'000)	425,458	492,878	547,652	515,888	515,036	576,462	570,929	587,150	534,361	1,093,859
Per Ordinary share (p)										
Net revenue return	30.6	31.1	30.5	33.1	32.0	34.9	33.6	34.9	30.5	33.7
Dividends[A]	29.75	30.75	31.25	32.00	32.25	32.75	33.25	34.00	34.25	34.50
Net asset value	649.6	734.6	805.2	757.1	766.5	860.1	856.3	888.1	808.3	934.6

[A] The figures for dividends per share reflect the years to which their declaration relates and not the years they were paid.

Performance

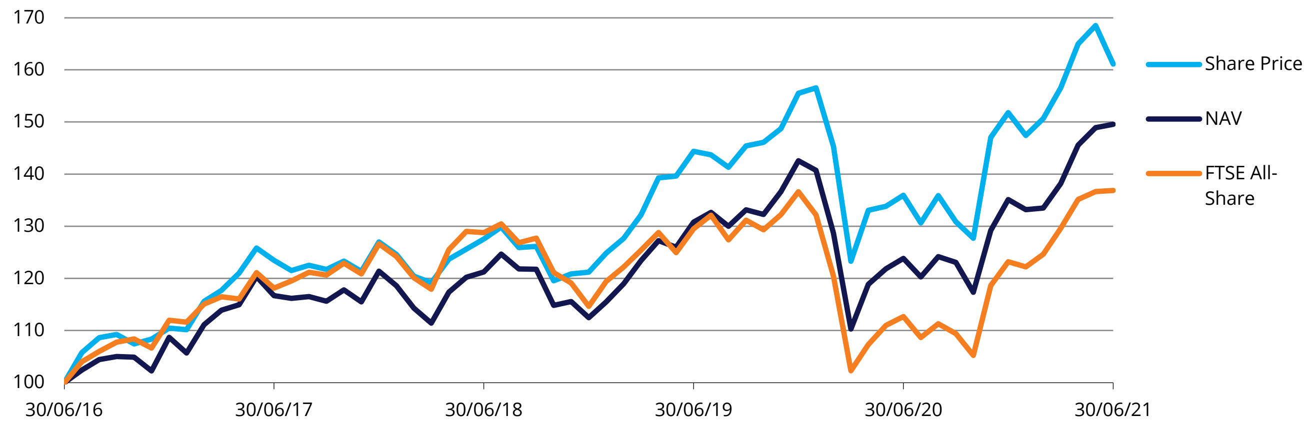
Performance (Total Return)

	1 year return %	3 year return %	5 year return %	10 year return %
Share price[A]	+18.5	+26.3	+61.1	+105.5
Net asset value per Ordinary share[A]	+20.6	+23.2	+49.4	+112.6
Benchmark[B]	+21.4	+6.3	+36.9	+85.5

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 96.
[B] FTSE All-Share Index.
Source: Aberdeen Standard Investments/Morningstar

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

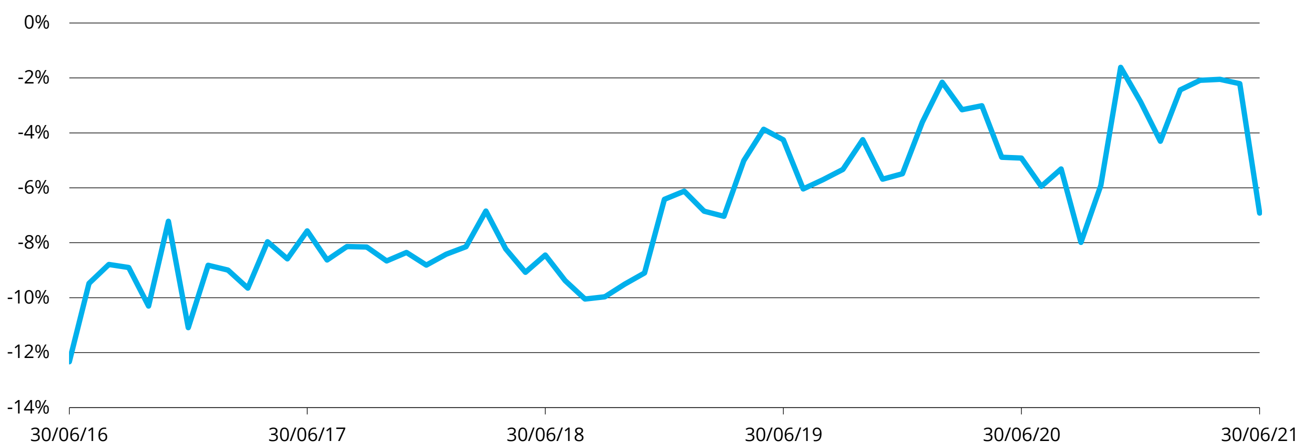
Five years ended 30 June 2021 (rebased to 100 at 30 June 2016)



Source: Morningstar & Lipper

Share Price Discount to NAV

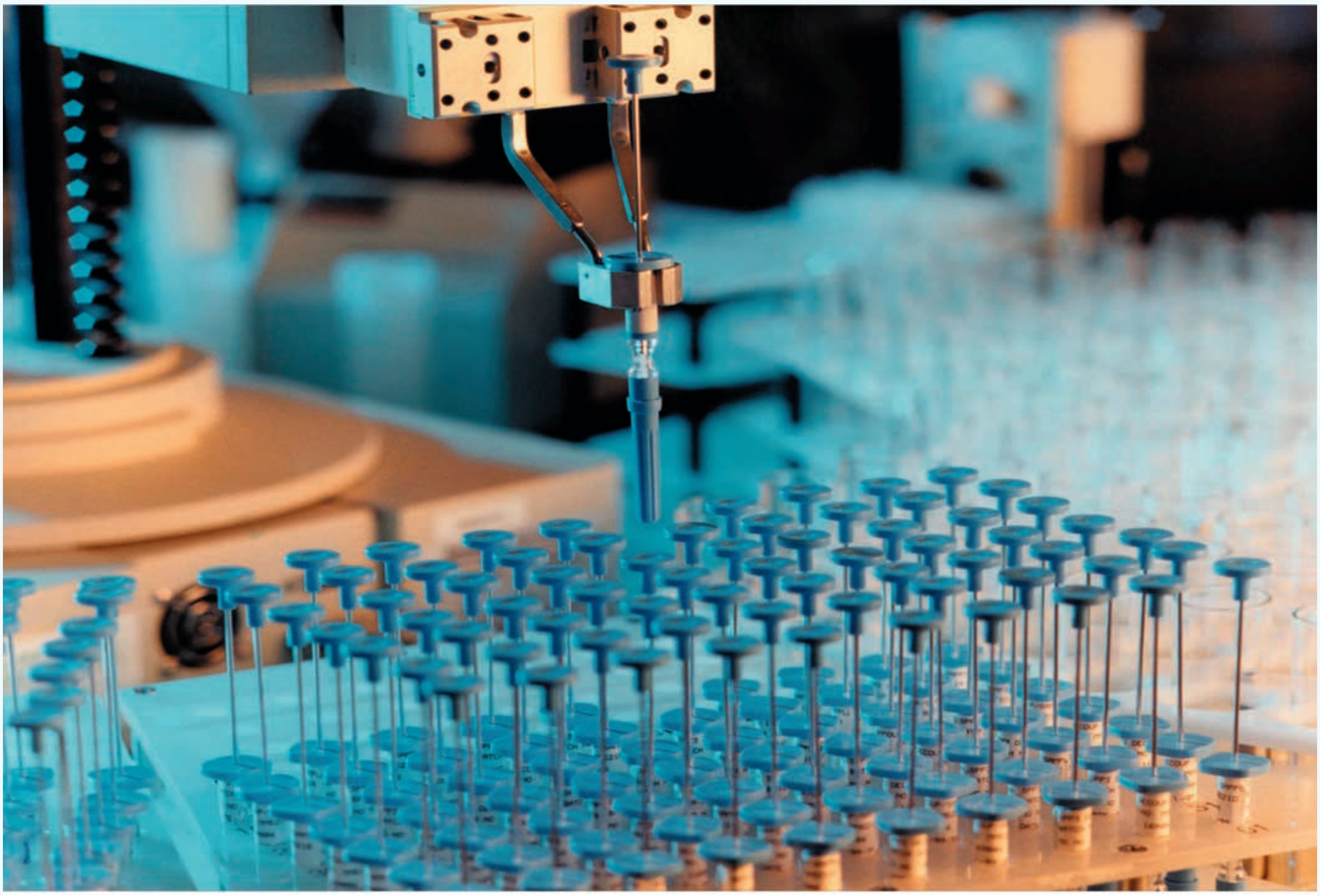
Five years ended 30 June 2021



Source: Aberdeen Standard Investments & Lipper

Portfolio

The Investment Manager invests in a diversified range of UK and overseas companies, following a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers.



The Company's two largest investments are in AstraZeneca (top picture) and Diageo (bottom picture).

Ten Largest Investments

As at 30 June 2021

AstraZeneca

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

Diageo

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

Rio Tinto

Rio Tinto is an international mining company and has interests in mining for a variety of different metals and minerals. It has a strong balance sheet and pays an attractive dividend yield.

BHP Group

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

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.

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.

Coca-Cola HBC

Coca-Cola HBC is a soft drink bottler of Coca-Cola product operating mostly in Eastern Europe, Nigeria and Russia. The company offers attractive earnings growth driven by higher volumes, premiumisation, innovation and pricing.

National Grid

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

Close Brothers

Close Brothers is a specialist financial services group which provides loans, trades securities and provides advice and investment management solutions to a wide range of clients. It has a conservative, tried and tested model with high barriers to entry.

SSE

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

Investment Portfolio

As at 30 June 2021

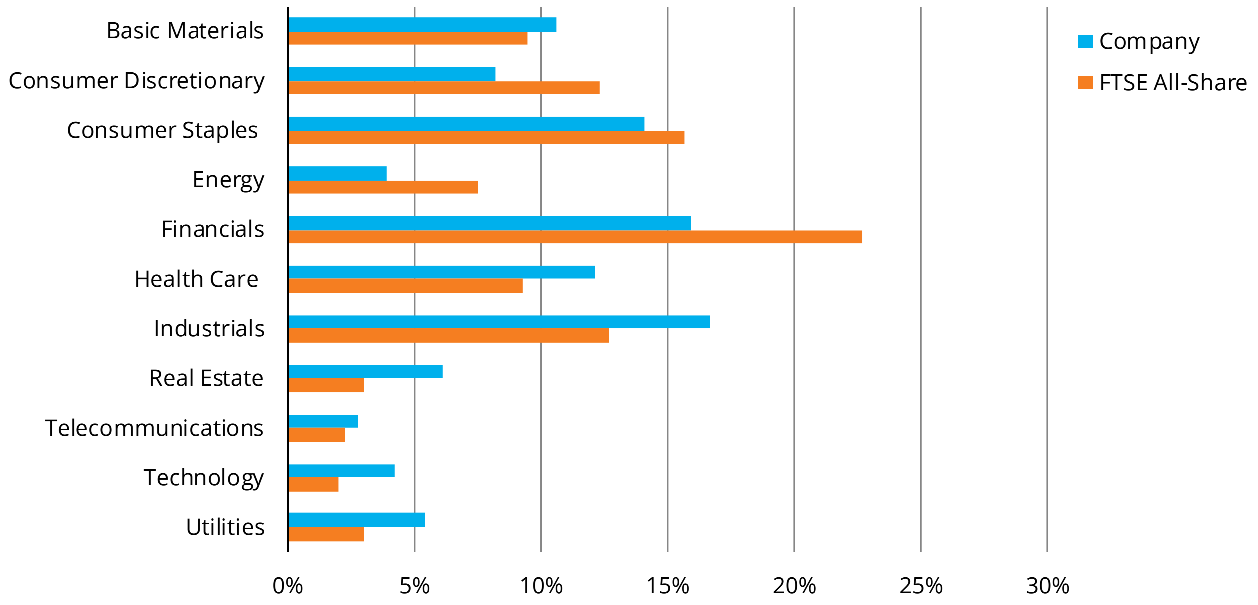
Investment	FTSE All-Share Index sector	Country	Valuation 2021 £'000	Total investments %	Valuation 2020 £'000
AstraZeneca	Pharmaceuticals and Biotechnology	UK	63,191	5.3	26,164
Diageo	Beverages	UK	58,387	4.9	20,393
Rio Tinto	Industrial Metals and Mining	UK	46,203	3.8	19,815
BHP Group	Industrial Metals and Mining	UK	43,653	3.6	20,037
Relx	Media	UK	41,956	3.5	21,597
Unilever	Personal Care Drug and Grocery Stores	UK	41,830	3.5	20,577
Coca-Cola HBC	Beverages	UK	33,204	2.8	10,700
National Grid	Gas Water and Multi-utilities	UK	32,760	2.7	17,056
Close Brothers	Banks	UK	32,310	2.7	13,514
SSE	Electricity	UK	31,672	2.6	12,735
Top ten investments			**425,166**	**35.4**	
Standard Chartered	Banks	UK	30,991	2.6	10,059
TotalEnergies	Oil Gas and Coal	France	28,330	2.4	12,256
Aveva	Software and Computer Services	UK	28,093	2.3	16,420
Inchcape	Industrial Support Services	UK	25,599	2.1	10,674
Croda International	Chemicals	UK	23,643	2.0	10,032
Safestore Holdings	Real Estate Investment Trusts	UK	23,467	1.9	–
Euromoney Institutional Investor	Industrial Support Services	UK	21,510	1.8	9,310
Howden Joinery	Retailers	UK	21,383	1.8	6,744
M&G	Investment Banking and Brokerage Services	UK	20,819	1.7	9,316
Prudential	Life Insurance	UK	20,737	1.7	13,355
Top twenty investments			**669,738**	**55.7**	
Direct Line Insurance	Non-life Insurance	UK	19,807	1.6	–
Marshalls	Construction and Materials	UK	19,096	1.6	5,569
Countryside Properties	Household Goods and Home Construction	UK	18,897	1.6	7,653
Rentokil Initial	Industrial Support Services	UK	18,709	1.6	10,389
GlaxoSmithKline	Pharmaceuticals and Biotechnology	UK	18,591	1.6	22,537
Ashmore Group	Investment Banking and Brokerage Services	UK	18,485	1.5	8,874
BP	Oil Gas and Coal	UK	18,350	1.5	8,682
Weir Group	Industrial Engineering	UK	18,214	1.5	5,839
Convatec	Medical Equipment and Services	UK	17,990	1.5	6,478
Mondi	General Industrials	UK	17,801	1.5	11,650
Top thirty investments			**855,678**	**71.2**	

As at 30 June 2021

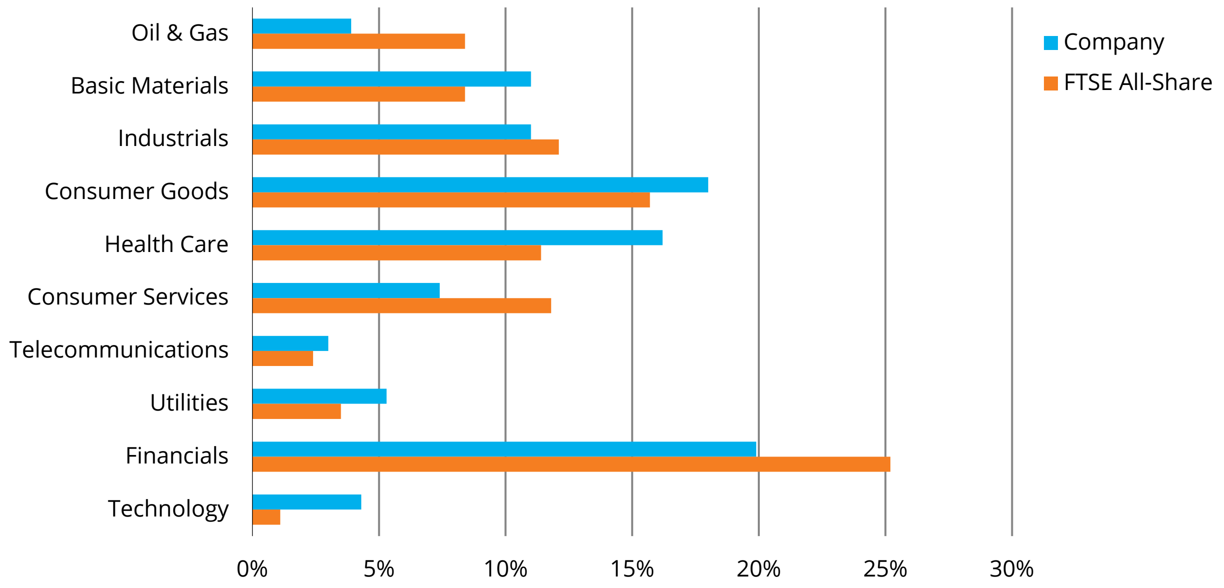
Investment	FTSE All-Share Index sector	Country	Valuation 2021 £'000	Total investments %	Valuation 2020 £'000
Nestlé	Food Producers	Switzerland	17,011	1.4	9,536
Novo-Nordisk	Pharmaceuticals and Biotechnology	Denmark	16,757	1.4	7,606
Genuit (formerly Polypipe)	Construction and Materials	UK	16,280	1.3	5,257
Smith & Nephew	Medical Equipment and Services	UK	15,931	1.3	8,470
Telenor	Telecommunications Service Providers	Norway	15,491	1.3	8,555
XP Power	Electronic and Electrical Equipment	UK	15,283	1.3	5,985
Sirius Real Estate	Real Estate Investment and Services	UK	14,380	1.2	6,325
Assura	Real Estate Investment Trusts	UK	14,230	1.2	14,641
Bodycote	Industrial Metals and Mining	UK	14,083	1.2	5,980
VAT Group	Electronic and Electrical Equipment	Switzerland	13,947	1.1	7,449
Top forty investments			**1,009,071**	**83.9**	
Kone	Industrial Engineering	Finland	13,693	1.1	8,334
Microsoft	Software and Computer Services	United States	13,310	1.1	7,887
Dechra Pharmaceuticals	Pharmaceuticals and Biotechnology	UK	13,229	1.1	4,579
Smith (DS)	General Industrials	UK	11,870	1.0	–
OSB	Finance and Credit Services	UK	11,718	1.0	–
Sanne	Investment Banking and Brokerage Services	UK	11,008	0.9	2,804
Fevertree	Beverages	UK	10,990	0.9	4,225
Telecom Plus	Telecommunications Service Providers	UK	10,800	0.9	8,521
Intermediate Capital	Investment Banking and Brokerage Services	UK	10,326	0.9	–
Vistry	Household Goods and Home Construction	UK	9,943	0.8	–
Top fifty investments			**1,125,958**	**93.6**	
Sage Group	Software and Computer Services	UK	9,186	0.8	–
Electrocomponents	Industrial Support Services	UK	9,002	0.8	–
John Laing	Investment Banking and Brokerage Services	UK	8,650	0.7	5,824
Unite Group	Real Estate Investment Trusts	UK	8,239	0.7	3,135
Mowi	Food Producers	Norway	7,730	0.6	3,962
LondonMetric Property	Real Estate Investment Trusts	UK	7,331	0.6	9,475
Chesnara	Life Insurance	UK	6,993	0.6	4,215
Accton Technology	Telecommunications Equipment	Taiwan	6,859	0.6	–
Moonpig	Retailers	UK	6,246	0.5	–
Stenprop	Real Estate Investment Trusts	UK	6,096	0.5	–
Total investments			**1,202,290**	**100.0**	

Sector Comparison with the Benchmark

Investments held at 30 June 2021 (percentage of portfolio)



Investments held at 30 June 2020 (percentage of portfolio)*



*During the year ended 30 June 2021 FTSE All-Share classification sectors changed substantially as a result of which the above two charts are not directly comparable.

Summary of Investment Changes During the Year

Summary of Investment Changes During the Year

	Valuation 30 June 2020		Additions on Combination[A]	Transactions	Gains / (losses)	Valuation 30 June 2021	
	£'000	%	£'000	£'000	£'000	£'000	%
Equities							
UK[B]	480,762	85.6	391,825	66,573	130,002	1,069,162	88.9
Denmark	7,606	1.4	6,766	–	2,385	16,757	1.4
Finland	8,334	1.5	6,880	(1,494)	(27)	13,693	1.1
France	12,256	2.2	11,323	2,418	2,333	28,330	2.4
Norway	12,517	2.2	9,406	–	1,298	23,221	1.9
Switzerland[B]	31,845	5.7	27,309	(21,159)	(7,037)	30,958	2.6
Taiwan	–	–	–	5,326	1,533	6,859	0.6
United States	7,887	1.4	5,852	(3,721)	3,292	13,310	1.1
Total investments	**561,207**	**100.0**	**459,361**	**47,943**	**133,779**	**1,202,290**	**100.0**

[A] Investments transferred into the Company formed part of the consideration received for shares issued under the combination with Perpetual Income and Growth Investment Trust plc
[B] 30 June 2020 values reflect a reclassification of the investment in Coca-Cola HBC from Switzerland to UK compared to last year's annual report.

Founded in the UK in 1998, Safestore is the UK's largest self-storage group with 163 stores in London and South East England as well as in key metropolitan areas such as Manchester, Birmingham, Glasgow, Edinburgh, Liverpool and Bristol, and an international portfolio including 28 stores in the Paris region, 6 in the Netherlands and 4 in Barcelona, Spain. The key attraction for the Investment Manager is Safestore's strong business model which has remained resilient in the face of Covid-19 and is well-positioned both to benefit from industry consolidation or equally withstand any downturn.

Governance

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Murray Income Trust PLC and represent the interests of shareholders.

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance.
The Company is registered as a public limited company and has been accepted by HM Revenue & Customs as an investment trust.

Your Board of Directors

Neil Rogan

Status:
Chairman

Length of service:
7 years, appointed Chairman on 6 November 2017

Experience and other public company directorships:
Neil Rogan, appointed a Director on 26 November 2013, is former Head of the Global Equities Teams at both Gartmore and Henderson and former Head of International Equities as well as a former member of the Investment Division Executive Committee at Gartmore. He previously managed Fleming Far Eastern Investment Trust. He is non-executive chairman of Invesco Asia Trust plc and a non-executive director of The Scottish Investment Trust PLC.

Committee Membership:
Management Engagement Committee (Chairman), Nomination Committee (Chairman) and Remuneration Committee.

Contribution:
The Nomination Committee has reviewed the contribution of Neil Rogan in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to chair the Company expertly, fostering a collaborative spirit between the Board and Manager while ensuring that meetings remain focussed on the key areas of stakeholder relevance.

Jean Park

Status:
Senior Independent Non-Executive Director

Length of service:
9 years, appointed Senior Independent Director on 5 November 2018

Experience and other public company directorships:
Jean Park, appointed a Director on 2 July 2012, was formerly Group Chief Risk Officer at Phoenix Group. Prior to that she was Risk Management Director of the Insurance and Investments Division of Lloyds TSB. She is a non-executive director of NHBC and a non-executive director of Admiral Group plc. She is a member of the Institute of Chartered Accountants of Scotland.

Committee Membership:
Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chairman).

Contribution:
Although not seeking re-election at the forthcoming AGM, the Nomination Committee has reviewed the contribution of Jean Park and has concluded that, in addition to her position as Senior Independent Director, she continues to bring to the Board her significant insight across all aspects of risk, not least regulatory risk.

Stephanie Eastment

Status:
Independent Non-Executive Director

Length of service:
3 years, appointed Chairman of the Audit Committee on 5 November 2018

Experience and other public company directorships:
Stephanie Eastment, appointed a Director on 2 August 2018, was formerly Head of Specialist Fund Accounts and Corporate Secretariat at Invesco Perpetual. Her career spans over 30 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 Institute of Chartered Secretaries and Administrators. She is a non-executive director and audit chair of both Herald Investment Trust plc and Impax Environmental Markets plc and an independent non-executive director of RBS Collective Investment Funds Limited.

Committee Membership:
Audit Committee (Chairman), 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 has concluded that she continues to chair the Audit Committee expertly as well as bringing to the Board her extensive knowledge of governance of investment companies.

Merryn Somerset Webb

Status:
Independent Non-Executive Director

Length of service:
2 years

Experience and other public company directorships:
Merryn Somerset Webb, who was appointed a Director on 7 August 2019, is the Editor-in-Chief of UK personal finance magazine MoneyWeek and is a regular commentator on financial matters across radio and television. She is a director of Baillie Gifford Shin Nippon plc and BlackRock Throgmorton Trust plc.

Committee Membership:
Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:
The Nomination Committee has reviewed the contribution of Merryn Somerset Webb in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to bring to the Board her expertise relating to the promotion of investment companies in addition to her wider experience in the sphere of personal finance.

Donald Cameron

Status:
Independent Non-Executive Director

Length of service:
9 years

Experience and other public company directorships:
Donald Cameron, who was appointed a Director on 5 September 2012, qualified at the Bar of England and Wales in 2002. Having transferred to the Faculty of Advocates, he was called to the Scottish Bar in 2005. He is a director of Edinburgh Worldwide Investment Trust plc. In 2021, he was re-elected as a Member of the Scottish Parliament for the Highlands & Islands.

Committee Membership:
Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:
Although not seeking re-election at the forthcoming AGM, the Nomination Committee has reviewed the contribution of Donald Cameron and has concluded that he continues to bring to the Board his legal and regulatory experience as well as his insight and knowledge of investment companies.

Peter Tait

Status:
Independent Non-Executive Director

Length of service:
3 years

Experience and other public company directorships:
Peter Tait, who was appointed a Director on 7 November 2017, 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:
Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee.

Contribution:
The Nomination Committee has reviewed the contribution of Peter Tait in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to bring to the Board his knowledge of investment management as well as experience in investment companies.

Your Board of Directors Continued

Alan Giles

Status:
Independent Non-Executive Director

Length of service:
10 months

Experience and other public company directorships:
Alan Giles was appointed a Director on 17 November 2020 following the Company's combination with PLI. He is Senior Independent Director and Chairman of the remuneration committee of Foxtons Group plc, Chairman of The Remuneration Consultants Group, 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 The Competition & Markets Authority, Rentokil Initial plc, The Office of Fair Trading, Somerfield plc and Wilson Bowden Plc. He became a director of PLI on 6 November 2015.

Committee Membership:
Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Contribution:
The Nomination Committee has reviewed the contribution of Alan Giles in light of his proposed re-election at the forthcoming AGM and has concluded that his extensive boardroom experience, particularly in the retail and other commercial sectors, broadens the Board's overall expertise.

Directors' Report

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 ended 30 June 2021 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

At 30 June 2021, the Company had 117,046,487 (2020 – 66,110,413) fully paid Ordinary shares of 25p each with voting rights in issue and an additional 2,483,045 (2020 – 2,483,045) shares in treasury. On 17 November 2020, the Company allotted 50,936,074 shares to former shareholders of Perpetual Income and Growth Investment Trust plc ("PLI") as part of the combination. During the year no shares were bought back into treasury (2020 – nil).

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding treasury shares, 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, insider trading law).

Results and Dividend Policy

The financial statements for the year ended 30 June 2021 indicate a total gain attributable to equity shareholders for the year of £161,217,000 (2020 – loss of £29,816,000).

At the AGM on 27 November 2020, shareholders approved a dividend policy to pay four quarterly interim dividends per year. Every October the Company announces its first, second and third interim dividends for the financial year. On 12 October 2020, the Company announced a first interim dividend of 12.55p per share to be paid on 17 December 2020, a second interim dividend of 3.95p per share to be paid on 18 March 2021 and a third interim dividend of 8.25p per share to be paid on 17 June 2021. The aggregate of the three interim dividends is 24.75p per share which is the same as that paid for the three interim dividends in respect of the previous year ended 30 June 2020.

The interim dividend paid on 17 December 2020 was received by those shareholders on the register on 30 October 2020, that is, before the combination with PLI. Shareholders of PLI received a dividend of 13.0p per PLI share on 13 November 2020, representing the pay out of the PLI revenue reserves.

The Company announced, on 4 August 2021, the payment to shareholders on 16 September 2021 of a fourth interim dividend for the year of 9.75p per share (2020 – 9.50p) with an ex-dividend date of 19 August 2021 and a record date of 20 August 2021. This resulted in total dividends of 34.50p per share for the year ended 30 June 2021.

The Board is proposing to maintain the dividend policy of paying four 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 AGM as resolution 3.

Manager and Company Secretary

Aberdeen Standard Fund Managers Limited ("ASFML") has been appointed by the Company, under a management agreement ("MA"), to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by Aberdeen Asset Managers Limited ("AAML") by way of a group delegation agreement in place between ASFML and AAML. In addition, ASFML has sub-delegated promotional activities to AAML and administrative and secretarial services to Aberdeen Asset Management PLC.

Under the MA, ASFML is entitled to a monthly fee of one-twelfth of: 0.55% pa on the first £350 million of net assets, 0.45% pa on net assets between £350 million and £450 million and 0.25% pa on any net assets in excess of £450 million.

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.

Directors' Report Continued

An annual secretarial fee of £75,000 (plus applicable VAT) is payable to Aberdeen Asset Management PLC, which is chargeable 100% to revenue. An annual fee equivalent to up to 0.05% of gross assets (calculated at 30 September each year) is paid to AAML 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.

Directors

As at the date of this Report, the Board consisted of a non-executive Chairman and six non-executive Directors. Neil Rogan, Jean Park, Stephanie Eastment, Donald Cameron, Peter Tait and Merryn Somerset Webb were Directors throughout the year.

Georgina Field, Alan Giles and Richard Laing were appointed Directors on 17 November 2020 following the Company's combination with PLI.

Georgina Field resigned as a Director on 10 February 2021. While Georgina had hoped to serve as a Director in an ongoing capacity, she believed that she would be unable to dedicate her efforts both to the Company and to White Marble Marketing Limited, her marketing consultancy, without undue compromise or at the risk of her independence. In compliance with AIC Code (February 2019) provision 13 and UK Corporate Governance Code (July 2018) provision 10 Georgina Field was considered non-independent for the duration of her tenure as a Director.

Richard Laing resigned as a Director on 1 April 2021 when abrdn completed its acquisition of 60% of Tritax Management LLP on 1 April 2021. Richard was a non-executive Director of Tritax Big Box REIT plc and so found himself inadvertently on the boards of two investment companies managed by two separate managers who were in the same management group. As this caused Richard to cease to be regarded as independent under the UKLA Listing Rules, he chose to tender his resignation.

Jean Park is Senior Independent Director and Stephanie Eastment is Chairman of the Audit Committee.

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 45.

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 and from the Company Secretaries on request.

The Role of the Chairman and Senior Independent Director

The Chairman 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 Chairman facilitates the effective contribution of, and encourages active engagement by, each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman 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 Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other directors, when necessary. The Senior Independent Director takes responsibility for an orderly succession process for the Chairman and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

Audit Committee

The Audit Committee's Report is on pages 49 to 51.

Management Engagement Committee

The terms and conditions of the Company's agreement with the Manager, set out on pages 39 and 40, are considered by the Management Engagement Committee which comprises the whole Board and is chaired by Neil Rogan.

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 index, 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. As a result of these reviews, the Directors consider the continuing appointment of the Manager to be in the 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.

Nomination Committee

The Board has established a Nomination Committee, comprising all of the Directors, with Neil Rogan as Chairman. The Committee is responsible for: determining the overall size and composition of the Board; longer term succession planning, including setting a policy on tenure of individual Directors and the Chairman; undertaking an annual evaluation of the Directors; and, oversight of appointments to the Board, including engagement of independent search consultants.

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.

The Committee has adopted a policy whereby Directors will stand for re-election at each AGM. In addition Directors, including the Chairman, 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. Accordingly, Jean Park and Donald Cameron will not seek re-election as Directors of the Company at the AGM on 2 November 2021 and will therefore resign from the Board at the conclusion of the AGM. Peter Tait will succeed Jean Park as Senior Independent Director following the AGM.

Stephanie Eastment, Alan Giles, Merryn Somerset Webb, Peter Tait and Neil Rogan, each being eligible, offer themselves for re-election as Directors of the Company. The Board as a whole believes that each Director remains independent of the AIFM 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.

The biographies of each of the Directors seeking re-election are shown on pages 36 to 38 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.

The Directors attended meetings during the year ended 30 June 2021 as follows (with their eligibility to attend the relevant meetings in brackets). This includes a Directors' strategy session as well as five Committee meetings relating to the Company's combination with PLI, which were convened at short notice when not all Directors were required.

	Board Meetings (including strategy and Board Committees)	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
Neil Rogan [A]	14 (14)	- (-)	2 (2)	3 (3)
Jean Park	14 (14)	3 (3)	2 (2)	3 (3)
Stephanie Eastment	14 (14)	3 (3)	2 (2)	3 (3)
Donald Cameron	12 (14)	3 (3)	2 (2)	3 (3)
Peter Tait	14 (14)	3 (3)	2 (2)	3 (3)
Merryn Somerset Webb	14 (14)	3 (3)	2 (2)	3 (3)
Georgina Field [B]	- (-)	- (-)	- (-)	- (-)
Alan Giles [C]	4 (4)	2 (2)	1 (1)	3 (3)
Richard Laing [D]	4 (4)	1 (1)	- (-)	1 (1)

[A] Not a member of the Audit Committee but attends at the invitation of the Committee Chairman.

[B] Appointed as a Director on 17 November 2020 and resigned on 10 February 2021; attended all meetings for which she was eligible.

[C] Appointed as a Director on 17 November 2020 and attended all meetings for which he was eligible.

[D] Appointed as a Director on 17 November 2020 and resigned on 1 April 2021; attended all meetings for which he was eligible.

In view of the retirement of two of the seven Directors of the Company at the forthcoming AGM, the Committee has undertaken succession planning and has determined that a new Director should be appointed, which will return the Board to six members, as the number considered most appropriate for the Company's size and complexity. The Chairman and Senior Independent Director assessed submissions from, and met with, three search firms. Thereafter, the Committee evaluated the submissions as well as track record and experience of each firm.

Directors' Report Continued

Trust Associates, an independent search firm with no other connection with the Company, was subsequently engaged.

Remuneration Committee

The Board has established a Remuneration Committee, comprising all of the Directors, with Jean Park as Chairman. The Directors' Remuneration Report on pages 46 to 48 sets out the responsibilities of the Committee.

Accountability and Audit

The responsibilities of the Directors and the Auditor in connection with the financial statements appear on pages 52, 58 and 59.

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.

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.

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 18 to 21, including the major disruption caused by Covid-19, 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 and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of the pandemic.

Substantial Interests

As at 30 June 2021 and 31 August 2021 the following interests over 3% in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules:

	30 June 2021		31 August 2021	
Shareholder	Number of shares held	% held	Number of shares held	% held
Interactive Investor	16,524,334	14.1	16,510,284	14.1
Hargreaves Lansdown	13,390,053	11.4	13,529,994	11.6
Rathbones	12,917,195	11.0	12,687,660	10.8
abrdn retail plans	12,655,286	10.8	12,038,193	10.3
Charles Stanley	3,840,049	3.3	3,833,229	3.3

The above interests as at 31 August 2021 were unchanged as at the date of approval of this Report.

Environmental, Social and Governance ("ESG") Policy

The Board has a duty to act in the best interests of the Company. As an investment trust, the Company has no direct environmental, social or governance responsibilities. However, the Board recognises that to be sustainable over the long term the Company and the Manager must have regard to ethical and environmental issues that impact society at large, and has encouraged and welcomed the Manager's integration and ongoing evolving of ESG into its investment process, which is explained in more detail on pages 88 to 90.

The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a responsible manner and therefore ensures that the Manager takes regular account of ESG factors which may affect the performance or value of the Company's investments.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies, including assessing ESG factors, has been delegated by the Board to the AIFM which has sub-delegated that authority to the Investment Manager.

Further information, including how the Investment Manager discharges its obligations under the 2020 Stewardship Code, may be found at:
https://www.aberdeenstandard.com/en/uk/institutional/responsible-investing

Relations with Shareholders

The Directors place great importance on communication with shareholders. The Company's shareholder register is retail-dominated and 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, company announcements, including daily net asset value announcements, all of which are available through the Company's website at: 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 via Aberdeen Standard Investments' Customer Services Department (see page 105 for details).

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 Aberdeen Standard Investments) 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 Chairman responds, as appropriate, on behalf of the Board.

In addition, in relation to institutional shareholders, members of the Board may either accompany 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.

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.

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 under review except for details of the changes in the Company's share capital resulting from the combination with PLI on 17 November 2020 which are included in "Capital Structure" on page 39.

Future Developments of the Company

Disclosures relating to the future developments of the Company may be found in the Chairman's Statement on pages 9 and 10.

Annual General Meeting ("AGM")

Among the special business being put at the AGM of the Company to be held on 2 November 2021, the following resolutions will be proposed:

Directors' Report Continued

Authority to allot shares and disapply pre-emption rights (Resolutions 11 and 12)
Ordinary resolution No. 11 will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1.5m (equivalent to approximately 5.9m 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 2022 or on 31 December 2022, 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 No. 12 will, if passed, give the Directors power to allot for cash or sell from treasury equity securities up to an aggregate nominal amount of £2.9m (equivalent to approximately 11.7m 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 2022 or on 31 December 2022, 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 11 and 12 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 13)
At the AGM held on 27 November 2020, 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 buy-back 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 No. 13 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 17.5m Ordinary shares). Such authority will expire on the date of the AGM in 2022, or on 31 December 2022, 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.

On behalf of the Board
Neil Rogan
Chairman
20 September 2021

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, and is applicable for the Company's year ended 30 June 2021.

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**.

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 is provided in the Directors' Report and Audit Committee's Report as follows:

- the composition and operation of the Board and its Committees are detailed on pages 40 to 42, and on pages 49 to 51 in respect of the Audit Committee;
- the Board's policy on diversity is on page 22;
- the Company's approach to internal control and risk management is detailed on pages 49 and 50;
- the contractual arrangements with, and annual assessment of, the Manager are set out on pages 39 and 40, respectively;
- the Company's capital structure and voting rights are summarised on page 39;
- the substantial interests disclosed in the Company's shares are listed on page 42;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 46. There are no agreements between the Company and its Directors concerning compensation for loss of office;
- the powers to issue or buy back 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 page 44.

By order of the Board
Aberdeen Asset Management PLC
Secretaries
1 George Street
Edinburgh
EH2 2LL

20 September 2021

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

Directors' Remuneration Report

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

(i) a Remuneration Policy, which is subject to a binding shareholder vote every three years - most recently voted on at the AGM on 27 November 2020 where the proxy votes on the relevant resolution were: For - 38,821,360 votes (99.36%); Discretionary - 40,287 votes (0.10%); Against - 210,997 votes (0.54%); and Withheld - 155,239 votes. The Remuneration Policy will be put to a shareholder vote at the AGM in 2023;

(ii) an annual Implementation Report, which is subject to an advisory vote; and

(iii) an Annual Statement.

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 53 to 60.

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 have been no changes to the Directors' Remuneration Policy during the period of this Report.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company, which takes into consideration corporate governance principles. No shareholder views were sought in setting the Remuneration Policy although any comments received from shareholders are considered on an ongoing basis.

The Directors are non-executive and it is the Board's policy that the remuneration of Directors be reviewed annually, although such review may not necessarily result in any change. The annual review should ensure remuneration 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.

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of letters of appointment.
- 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.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a directorship.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- 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.

Performance, Service Contracts, Compensation and Loss of Offices

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed subject to three months' written notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.
- 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' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Articles Limit on Directors' Fees

The Company's Articles of Association limit to £250,000 the aggregate annual fees payable to Directors. The limit can be amended by shareholder resolution from time to time and was last increased at the AGM in 2017.

Implementation Report

Directors' Fees

The levels 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 2021 £	30 June 2020 £
Chairman	37,500	37,500
Chairman of Audit Committee	30,000	30,000
Senior Independent Director	25,500	25,500
Director	25,500	25,500

Directors' fees were last changed on 1 July 2017. However, from 1 July 2019, the Remuneration Committee agreed that Directors can claim reimbursement of reasonable expenses which are properly incurred by them in the performance of their duties.

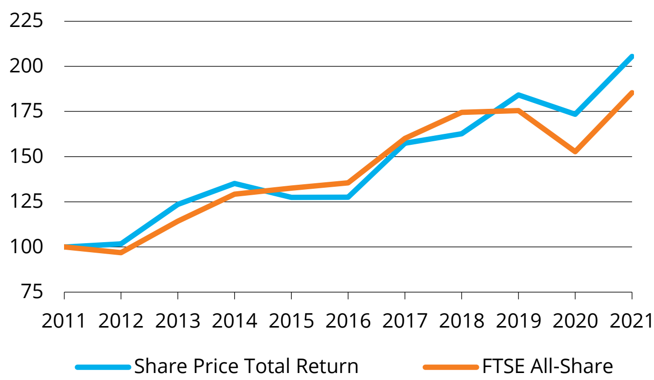
The Board carried out a review of Directors' annual fees during the year by reference to inflation, measured by the increase in the Consumer Prices Index since 1 July 2017, and taking account of peer group comparisons by sector and by market capitalisation.

Following this review, it was decided that Directors' annual fees would be increased, with effect from 1 July 2021, to £40,200 for the Chairman, £33,500 for the Audit Committee Chairman and £26,800 for the other Directors. It was further agreed that a separate annual fee of £2,700 would be payable to the Senior Independent Director with effect from 1 July 2021 to reflect the additional duties associated with the role.

These increased fees are considered 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 opposite 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 2021 (rebased to 100 at 30 June 2011). 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 27 November 2020, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 June 2020 and the following proxy votes received on the relevant resolution were: For - 38,915,570 (99.48%); Discretionary - 33,317 votes (0.09%); Against - 167,323 votes (0.43%); and Withheld - 111,674 votes.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI:

Director	30 June 2021 £	30 June 2020 £
Neil Rogan	37,500	37,500
Jean Park	25,500	25,500
Stephanie Eastment	30,000	30,000
Donald Cameron	25,500	25,500
Peter Tait	25,500	25,500
Merryn Somerset Webb	25,500	22,964
Alan Giles [A]	15,867	n/a
Georgina Field [B]	6,001	n/a
Richard Laing [C]	9,562	n/a
Total	**200,930**	**166,964**

[A] Appointed a Director on 17 November 2020
[B] Appointed a Director on 17 November 2020 and resigned on 10 February 2021
[C] Appointed a Director on 17 November 2020 and resigned on 1 April 2021

All fees are at a fixed rate and there is no variable remuneration. Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

Directors' Remuneration Report Continued

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' fees for the past two years.

Director	Year ended 30 June 2021 %	Year ended 30 June 2020
Neil Rogan	Nil	Nil
Jean Park	Nil	Nil
Stephanie Eastment	Nil	Nil
Donald Cameron	Nil	Nil
Peter Tait	Nil	Nil
Merryn Somerset Webb	11.0[A]	n/a
Alan Giles	See note[B]	n/a
Georgina Field	See note[C]	n/a
Richard Laing	See note[D]	n/a

[A] Appointed a Director on 7 August 2019, so the figure for the year ended 30 June 2020 represents a period of less than 12 months

[B] Appointed a Director on 17 November 2020

[C] Appointed a Director on 17 November 2020 and resigned on 10 February 2021

[D] Appointed a Director on 17 November 2020 and resigned on 1 April 2021

No taxable benefits were received by Directors during the year. During the prior year ended 30 June 2020, taxable expenses were paid to Donald Cameron (£740), Peter Tait (£741), and Merryn Somerset Webb (£141).

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. The total fees paid to Directors are shown in the table above.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their persons closely associated) at 30 June 2021, and 30 June 2020, 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:

	30 June 2021 Ord. 25p	30 June 2020 Ord. 25p
Neil Rogan	35,000	35,000
Jean Park	5,575	5,575
Stephanie Eastment[A]	4,500[A]	4,500[A]
Donald Cameron	1,691	1,622
Peter Tait	5,000	5,000
Merryn Somerset Webb	3,449	1,236
Alan Giles	2,977	n/a
Georgina Field[B]	Nil	n/a
Richard Laing[C]	2,977	n/a

[A] Of which 1,700 shares were held non-beneficially

[B] As at date of resignation on 10 February 2021

[C] As at date of resignation on 1 April 2021

As at the date of approval of this Report, there were no changes to the above holdings other than Donald Cameron acquired an additional 18 shares on 17 September 2021 as a result of dividend reinvestment.

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 ended 30 June 2021:

- 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.

Jean Park
Chairman of the Remuneration Committee
20 September 2021

Audit Committee's Report

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

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience – Stephanie Eastment is a Fellow of the Institute of Chartered Accountants in England & Wales – and that, collectively, the Audit Committee possesses competence relevant to investment trusts.

The Audit 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 Audit 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. The Audit Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- 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 make recommendations in relation to the appointment 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.

Internal Controls and Risk Management

Through the Audit Committee, the Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Audit 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 ended 30 June 2021 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's 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 18 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 Audit 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;
- 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; and
- at its September 2021 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 June 2021 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 30 June 2021.

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 Audit 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 ended 30 June 2021, the Audit 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 portfolio is also reviewed annually by the auditor. The Company used the services of an independent depositary (BNP Paribas Securities Services, London Branch) during the year under review through whom 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.

Accounting for the combination with Perpetual Income and Growth Trust plc ("PLI")
The combination of PLI with the Company was a significant event given the magnitude of PLI - increasing the size of the Company by just over 43% (based on shares issued). The Audit Committee proactively engaged with both the Manager and the Auditor at various times throughout and after the year being reported, to ensure accounting for the combination: was in compliance with accounting standards; correctly reflected the agreement between the Company and PLI; and was disclosed accurately in the financial statements.

External Auditor

Review of the Auditor
The Audit 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 ended 30 June 2021, 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 second 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 Audit Committee to approve the auditor's remuneration, as Ordinary Resolutions 9 and 10 at the AGM on 2 November 2021.

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 (2020 - £nil).

Stephanie Eastment,
Chairman of the Audit Committee
20 September 2021

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

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 judgments 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

Neil Rogan
Chairman
20 September 2021

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 2021 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, comprising 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 2021; the Statement of Comprehensive Income; the Statement of Changes in Equity; the 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 to the Company.

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

Our audit approach
Overview

Audit Scope

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

Key Audit Matters

- Income from investments
- Valuation and existence of listed investments
- Consideration of impacts of COVID-19
- Accounting applied on initial recognition of the acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc

Materiality

- Overall materiality: £10,930,000 (2020: £5,340,000) based on approximately 1% of Net assets.
- Performance materiality: £8,197,500

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

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. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

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.

Accounting applied on initial recognition of the acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 50 (Audit Committee's Report), page 66 (Accounting Policies) and page 69 (Notes to the Financial Statements). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). As the Company has an Income objective, there might be an incentive to overstate income. As such, we focussed this risk on the existence/occurrence of revenue from investments, completeness of gains/losses from investments and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	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. We understood and assessed the design and implementation of key controls surrounding income recognition. We tested the accuracy of all dividend receipts by agreeing the dividend rates from investments to independent market data. 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. 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 reasons behind dividend distributions. Based on the audit procedures performed and evidence obtained, we concluded that income from investments was not materially misstated.
Valuation and existence of listed investments Refer to page 50 (Audit Committee's Report), page 67 (Accounting Policies) and pages 73 and 74 (Notes to the Financial Statements). The investment portfolio at 30 June 2021 comprised listed equity investments of £1,202 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.	We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of all listed investments by agreeing the holdings of all investments to an independent confirmation from the Depository, BNP Paribas Securities Services as at 30 June 2021. No material misstatements were identified from this testing.

Key audit matter	How our audit addressed the key audit matter
Consideration of Impacts of COVID-19 Refer to the Chairman's Statement (page 7), Principal Risks and Uncertainties (pages 18 to 21), the Viability Statement (page 22) and the Going Concern Statement (page 42), which disclose the impact of the COVID-19 pandemic. The COVID-19 outbreak was declared a pandemic by the World Health Organisation in the first quarter of 2020 and continues to have a significant adverse humanitarian impact. It has caused significant economic uncertainty globally, disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates. This could have an impact on the valuation of investments in the Company, available liquidity and operational impacts given the Company's reliance on third parties. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels throughout the COVID-19 pandemic.	We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19 and evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report by obtaining evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third party service providers. We assessed the disclosures presented in the Annual Report in relation to COVID-19 by reading the other information, including the Principal Risks and Uncertainties and Viability Statements set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.
Accounting applied on initial recognition of the acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc There is an inherent risk due to the significant size and one-off nature of the merger with Perpetual Income and Growth Investment Trust plc that the accounting on initial recognition is not in compliance with FRS 102 or does not reflect the approved agreement between the Company and Perpetual Income and Growth Investment Trust plc.	We assessed the accounting treatment of the investments, senior loan notes, costs and shares associated with the merger to confirm the appropriateness as an acquisition of assets rather than a Business Combination under section 19 of FRS 102. We reviewed the supporting documents and relevant board approvals, which included Board minutes, Circulars and RNS announcements, for consistency with the disclosures in the financial statements. We verified the accuracy of the number of shares expected to have been issued based on the agreed upon method per the Circular and 'Companies Act s593 report'. Based on the audit procedures performed and evidence obtained, we concluded that the acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc has been appropriately accounted for.

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

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. In particular, we looked at where subjective judgements are made, for example in respect of classification of special dividends as revenue or capital.

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.

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

Overall materiality	£10,930,000 (2020: £5,340,000)
How we determined it	Approximately 1% of Net assets
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this 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% of overall materiality, amounting to £8,197,500 for the Company 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 £546,500 (2020: £267,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relation 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 those presented by COVID-19;
- 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 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 2021 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 group 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 posting 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 posted throughout the year and in particular manual year end journal entries posted during the preparation of the financial statements. This included but was not limited to testing journals with unusual account combinations, inappropriate users or reviewers and journals posted at unusual times; 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**. 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 received 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 uninterrupted engagement is two years, covering the years ended 30 June 2020 and 30 June 2021.

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

20 September 2021

Financial Statements

Total dividends per share increased to 34.50p, the 48th year of consecutive increase.

Statement of Comprehensive Income

	Notes	Year ended 30 June 2021 Revenue £'000	Capital £'000	Total £'000	Year ended 30 June 2020 Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	131,260	131,260	–	(47,204)	(47,204)
Currency gains/(losses)		–	62	62	–	(115)	(115)
Income	3	35,979	–	35,979	22,804	–	22,804
Investment management fees	4	(753)	(1,759)	(2,512)	(798)	(1,861)	(2,659)
Administrative expenses	5	(1,443)	–	(1,443)	(1,105)	–	(1,105)
Net return before finance costs and tax		33,783	129,563	163,346	20,901	(49,180)	(28,279)
Finance costs	6	(560)	(1,282)	(1,842)	(342)	(800)	(1,142)
Net return before tax		33,223	128,281	161,504	20,559	(49,980)	(29,421)
Taxation	8	(287)	–	(287)	(395)	–	(395)
Net return after tax		**32,936**	**128,281**	**161,217**	**20,164**	**(49,980)**	**(29,816)**
Return per Ordinary share	9	**33.7p**	**131.4p**	**165.1p**	**30.5p**	**(75.6)p**	**(45.1)p**

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 2021 £'000	As at 30 June 2020 £'000
Fixed assets			
Investments at fair value through profit or loss	10	1,202,290	561,207
Current assets			
Other debtors and receivables	11	8,345	4,854
Cash and cash equivalents		4,493	16,365
		12,838	21,219
Creditors: amounts falling due within one year			
Other payables		(2,749)	(1,494)
Bank loans		(6,241)	(6,667)
	12	(8,990)	(8,161)
Net current assets		3,848	13,058
Total assets less current liabilities		1,206,138	574,265
Creditors: amounts falling due after more than one year			
2.51% Senior Loan Notes		(39,918)	(39,904)
4.37% Senior Loan Notes		(72,361)	–
	13	(112,279)	(39,904)
Net assets		**1,093,859**	**534,361**
Capital and reserves			
Share capital	14	29,882	17,148
Share premium account		438,213	24,020
Capital redemption reserve		4,997	4,997
Capital reserve		594,282	466,001
Revenue reserve		26,485	22,195
Total Shareholders' funds		**1,093,859**	**534,361**
Net asset value per Ordinary share	15		
Debt at par value		**934.6p**	**808.3p**

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2021 and were signed on its behalf by:

Neil Rogan
Chairman

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

Overview Strategic Report Portfolio Governance Financial Statements Corporate Information General

Statement of Changes in Equity

For the year ended 30 June 2021

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2020		17,148	24,020	4,997	466,001	22,195	534,361
Net return after tax		–	–	–	128,281	32,936	161,217
Issue of shares on combination	19	12,734	414,486	–	–	–	427,220
Cost of shares issued in respect of the combination		–	(293)	–	–	–	(293)
Dividends paid	7	–	–	–	–	(28,646)	(28,646)
Balance at 30 June 2021		**29,882**	**438,213**	**4,997**	**594,282**	**26,485**	**1,093,859**

For the year ended 30 June 2020

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2019		17,148	24,020	4,997	515,981	25,004	587,150
Net return after tax		–	–	–	(49,980)	20,164	(29,816)
Dividends paid	7	–	–	–	–	(22,973)	(22,973)
Balance at 30 June 2020		**17,148**	**24,020**	**4,997**	**466,001**	**22,195**	**534,361**

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

Statement of Cash Flows

	Notes	Year ended 30 June 2021 £'000	Year ended 30 June 2020 £'000
Operating activities			
Net return before finance costs and taxation		163,346	(28,279)
Increase in accrued expenses		209	146
Overseas withholding tax		(943)	(380)
Dividend income	3	(33,368)	(20,220)
Dividends received		31,894	21,418
Interest income	3	(1)	(100)
Interest received		1	112
Interest paid		(1,455)	(1,144)
(Gains)/losses on investments	10	(131,260)	47,204
Amortisation on Loan Notes	6	(969)	8
Foreign exchange (gains)/losses		(62)	115
Increase in other debtors		(100)	(2)
Stock dividends included in investment income	3	(1,699)	(1,209)
Net cash inflow from operating activities		25,593	17,669
Investing activities			
Purchases of investments		(199,801)	(177,178)
Sales of investments		153,910	171,725
Net cash acquired and received following the combination	19	40,248	–
Costs associated with the combination		(2,519)	–
Net cash outflow from investing activities		(8,162)	(5,453)
Financing activities			
Dividends paid	7	(28,646)	(22,973)
Cost of shares issued in respect of the combination		(293)	–
Repayment of bank loans		(513)	(3,265)
Draw down of bank loans		507	3,093
Net cash outflow from financing activities		(28,945)	(23,145)
Decrease in cash		**(11,514)**	**(10,929)**
Analysis of changes in cash during the year			
Opening balance		16,365	27,171
Effect of exchange rate fluctuations on cash held		(358)	123
Decrease in cash as above		(11,514)	(10,929)
Closing balance		**4,493**	**16,365**

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

Notes to the Financial Statements

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 April 2021. 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 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 18 to 21, including the major disruption caused by the Covid-19 pandemic, and have reviewed forecasts detailing revenue and liabilities. Notwithstanding the continuing uncertain economic outlook caused by Covid-19, the Directors are satisfied that: the Company has adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of the pandemic. Accordingly, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

   (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 SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. 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.

(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.

Notes to the Financial Statements Continued

(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 (c) and (g) 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 gains/(losses) 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 £594,282,000 as at 30 June 2021 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. However the Directors have made a judgement that the acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc outlined in Note 19 does not meet the definition of a business combination under FRS 102 and accordingly have not accounted for it as such in these financial statements.

3. Income

	2021 £'000	2020 £'000
Income from investments		
UK dividends (all listed):		
– ordinary	24,539	14,903
– special	1,251	434
Property income dividends	1,007	675
Overseas dividends (all listed)		
– ordinary	4,773	2,999
– special	99	–
Stock dividends	1,699	1,209
	33,368	20,220
Other income		
Deposit interest	1	100
Stock lending income	–	12
Traded option premiums	2,504	2,472
Compensation payments	106	–
	2,611	2,584
Total income	**35,979**	**22,804**

Special dividends of £nil (2020 – £1,331,000) have also been recognised in capital, making a total of £1,350,000 (2020 – £1,765,000) special dividends for the year.

During the year, the Company received premiums totalling £2,504,000 (2020 – £2,472,000) in exchange for entering into derivative transactions. At the year end there were no open positions (2020 – same).

Other income includes an amount of £101,000 for compensation received from the Manager. This receipt offset an HMRC penalty of £91,000 and related interest of £10,000 which arose due to the Manager's late payment of stamp duty to HMRC on the Company's behalf. A further £5,000 was received from the Manager in respect of a trading error which occurred during the year.

Notes to the Financial Statements Continued

4. Investment management fee

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	753	1,759	2,512	798	1,861	2,659

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 paid 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 ASFML at the year end was £584,000 (2020 – £427,000).

ASFML agreed to waive the management fee payable by the Company in respect of the net assets transferred to the Company for a period of 182 days following completion of the merger on 17 November 2020. This amounted to approximately £804,000.

Under the terms of the management agreement, the value of the Company's investments in commonly managed funds is excluded from the calculation of the management fee. The Company held no such commonly managed funds at the year end (2020 – Standard Life UK Smaller Companies Trust PLC valued at £4,950,000).

5. Administrative expenses

	2021 £'000	2020 £'000
Shareholders' services[A]	507	407
Directors' remuneration[B]	201	167
Secretarial fees[C]	90	90
Registrars fees	128	83
Depositary fees	100	78
HMRC penalty[D]	91	–
Custody fees	49	35
Printing and postage	60	53
Auditor's remuneration:		
– fees payable to the Company's auditor for the audit of the Company's annual accounts	38	29
Legal and professional fees	59	41
Other expenses	120	122
	1,443	**1,105**

[A] Includes savings scheme and other wrapper administration and promotion expenses, paid to ASFML under a delegation agreement with ASFML to cover promotional activities during the year. There was £120,000 (2020 – £229,000) due to ASFML in respect of these promotional activities at the year end.
[B] Refer to the Fees Payable section of the Directors' Remuneration Report on pages 47 and 48 for further details.
[C] Payable to ASFML, balance outstanding of £23,000 (2020 – £23,000) at the year end.
[D] Relating to the late payment of stamp duty arising on the transfer of assets from Perpetual Income and Growth Investment Trust plc to the Company during the year.

With the exception of Auditor's remuneration for the statutory audit, all of the expenses above include irrecoverable VAT where applicable. The Auditor's remuneration for the statutory audit excludes VAT amounting to £7,000 (2020 – £6,000).

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

6. Finance costs

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdraft interest	43	98	141	39	91	130
Senior Loan Notes	798	1,862	2,660	301	703	1,004
Interest payable to HMRC	10	–	10	–	–	–
Amortisation of 2.51% Senior Loan Note issue expenses	4	10	14	2	6	8
Amortisation of 4.37% Senior Loan Note	(295)	(688)	(983)	–	–	–
	560	**1,282**	**1,842**	**342**	**800**	**1,142**

The 4.37% Senior Loan Notes, with a par value £60,000,000, were novated to the Company following the combination with Perpetual Income and Growth Investment Trust plc (note 19). They were novated at fair value of £73,344,000 and will be amortised over the remaining life of the loan.

Interest payable includes an amount of £10,000 relating to the late payment of stamp duty to HMRC arising on the transfer of assets from Perpetual Income and Growth Investment Trust plc to the Company during the year.

With the exception of the interest payable to HMRC, which is allocated wholly to revenue, finance costs are allocated 30% to revenue and 70% to capital.

7. Ordinary dividends on equity shares

	2021		2020	
	Rate	£'000	Rate	£'000
Fourth interim dividend previous year	9.50p	6,280	10.00p	6,611
First interim dividend current year	12.55p	8,297	8.25p	5,454
Second interim dividend current year	3.95p	4,623	8.25p	5,454
Third interim dividend current year	8.25p	9,656	8.25p	5,454
Return of unclaimed dividends		(210)		–
		28,646		**22,973**

The fourth interim dividend for 2021 has not been included as a liability in these financial statements as it was not paid until after the reporting date.

Set out below are 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 £32,936,000 (2020 – £20,164,000).

	2021		2020	
	Rate	£'000	Rate	£'000
Three interim dividends of 12.55p, 3.95p and 8.25p (2020: 8.25p each)	24.75p	22,576	24.75p	16,362
Fourth interim dividend	9.75p	11,412	9.50p	6,280
	34.50p	**33,988**	**34.25p**	**22,642**

Notes to the Financial Statements Continued

8. Taxation

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Overseas tax incurred	1,102	–	1,102	709	–	709
Overseas tax reclaimable	(815)	–	(815)	(314)	–	(314)
Total tax charge for the year	**287**	**–**	**287**	**395**	**–**	**395**

(b) Factors affecting the tax charge for the year. The UK corporation tax rate is 19% (2020 – 19%). The tax charge for the year is lower than the corporation tax rate (2020 – same). The differences are explained below:

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	**33,223**	**128,281**	**161,504**	**20,559**	**(49,980)**	**(29,421)**
Net return multiplied by the standard rate of corporation tax of 19% (2020 – 19%)	6,312	24,373	30,685	3,906	(9,496)	(5,590)
Effects of:						
Non-taxable UK dividends	(5,091)	–	(5,091)	(2,914)	–	(2,914)
Non-taxable stock dividends	–	–	–	(154)	–	(154)
Non-taxable overseas dividends	(1,011)	–	(1,011)	(597)	–	(597)
Expenses not deductible for tax purposes	19	–	19	1	–	1
Movement in unutilised management expenses	(229)	578	349	(242)	505	263
Realised and unrealised (gains) / losses on investments held	–	(24,939)	(24,939)	–	8,969	8,969
Currency movements not taxable	–	(12)	(12)	–	22	22
Overseas tax payable	287	–	287	395	–	395
Total tax charge	**287**	**–**	**287**	**395**	**–**	**395**

(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 £68,702,000 (2020 – £66,866,000). A deferred tax asset at the standard rate of corporation of 25% (2020 – 19%) of £17,176,000 (2020 – £12,705,000) 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. The Finance Act 2021 received Royal Assent on 10 June 2021 and the rate of Corporation Tax of 25% effective from 1 April 2023 has been used to calculate the potential deferred tax asset of £17,176,000.

9. Return per Ordinary share

	2021		2020	
	£'000	p	£'000	p
Returns are based on the following figures:				
Revenue return	32,936	33.7	20,164	30.5
Capital return	128,281	131.4	(49,980)	(75.6)
Total return	**161,217**	**165.1**	**(29,816)**	**(45.1)**
Weighted average number of Ordinary shares in issue		**97,648,914**		**66,110,413**

10. Investments at fair value through profit or loss

	2021 £'000	2020 £'000
Opening book cost	461,306	447,473
Opening investment holdings gains	99,901	155,163
Opening fair value	561,207	602,636
Analysis of transactions made during the year		
Assets acquired on combination with Perpetual Income and Growth Investment Trust plc	459,361	–
Costs associated with the combination[A]	2,519	–
Purchases at cost	202,157	175,595
Sales proceeds received	(154,214)	(169,820)
Gains/(losses) on investments	131,260	(47,204)
Closing fair value	**1,202,290**	**561,207**
Closing book cost	995,661	461,306
Closing investment gains	206,629	99,901
Closing fair value	**1,202,290**	**561,207**

Gains/(losses) on investments	2021 £'000	2020 £'000
Costs associated with the combination[A]	(2,519)	–
Realised gains on sale of investments at fair value	27,051	8,058
Net movement in investment holdings gains	106,728	(55,262)
	131,260	**(47,204)**

[A] Costs associated with the acquisition of assets from Perpetual Income and Growth Investment Trust plc, comprising £1,863,000 relating to stamp duty and financial transaction taxes and £656,000 relating to professional fees. These costs have been included, together with the gains/(losses) on investments of £133,779,000 above, in the gains/(losses) on investments of £131,260,000 in the Statement of Comprehensive Income.

The Company received £154,214,000 (2020 – £169,820,000) from investments sold in the year. The book cost of these investments when they were purchased was £127,085,000 (2020 – £161,761,000). 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.

Notes to the Financial Statements Continued

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 2021 there were no shares pledged as part of the option underwriting programme (30 June 2020, financial assets comprising shares were pledged with Credit Suisse). The liability of collateral held at the year end was £nil as no open positions existed (2020 – 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:

	2021 £'000	2020 £'000
Purchases	909	680
Costs associated with the combination	2,519	–
Sales	77	82
	3,505	**762**

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.

Stock lending	2021 £'000	2020 £'000
Aggregate value of securities on loan at the year end	–	–
Maximum aggregate value of securities on loan during the year	–	26,479
Fee income from stock lending	–	12

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed date. Fee income is received for making the investments available to the borrower. The principal risks and rewards of holding the investments, namely the market movements in share prices and dividend income, are retained by the Company. In all cases the securities lent continue to be recognised on the Statement of Financial Position.

All stocks lent under these arrangements are fully secured by collateral. The value of the collateral held at 30 June 2021 was £nil (2020 – £nil).

11. Other debtors and receivables

	2021 £'000	2020 £'000
Amounts due from brokers	2,914	2,610
Accrued income	2,415	941
Taxation recoverable	2,899	1,287
Prepayments	117	16
	8,345	**4,854**

12. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Other creditors	1,558	960
Amounts due to brokers	1,191	534
Bank loans	6,241	6,667
	8,990	**8,161**

The Company's three year £20 million multi-currency unsecured revolving bank credit facility with Scotiabank (Ireland) expired on 6 November 2020. The Company entered into a new one year £20 million multi-currency unsecured revolving bank credit facility with Scotiabank Europe, committed until 3 November 2021. 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.

As at 30 June 2021, the Company had drawn down the following amounts from the facility, all with a maturity date of 7 July 2021:

		2021		2020
	Currency	£'000	Currency	£'000
Swiss Franc at an all-in rate of 0.95% (2020: 0.85%)	2,500,000	1,958	3,000,000	2,562
Euro at an all-in rate of 0.95% (2020: 0.85%)	2,326,000	1,997	1,800,000	1,636
Norwegian Krone at an all-in rate of 1.13% (2020: 1.01%)	13,145,000	1,106	12,500,000	1,049
Danish Krona at an all-in rate of 0.95% (2020: 0.85%)	5,410,000	624	6,000,000	732
US Dollar at an all-in rate of 1.03% (2020: 1.03475%)	768,000	556	850,000	688
		6,241		**6,667**

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 2021:

– Swiss Franc 2,500,000 at an all-in rate of 0.95%, equivalent to £1,953,000.
– Euro 2,326,000 at an all-in rate of 0.95%, equivalent to £1,986,000.
– Norwegian Krone 13,145,000 at an all-in rate of 1.16%, equivalent to £1,101,000.
– Danish Krona 5,410,000 at an all-in rate of 0.95%, equivalent to £621,000.
– US Dollar 768,000 at an all-in rate of 1.03086%, equivalent to £559,000.

Financial covenants contained within the loan 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.

Notes to the Financial Statements Continued

13. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
2.51% Senior Loan Notes	40,000	40,000
Unamortised 2.51% Senior Loan Notes issue expenses	(82)	(96)
4.37% Senior Loan Notes at fair value	73,344	–
Amortisation of 4.37% Senior Loan Note	(983)	–
	112,279	**39,904**

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. The Loan Notes are secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Senior Loan Note Purchase Agreement covenant 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.

As a result of the combination 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. The Loan Notes are secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Note Purchase Agreement 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.

14. Share capital

	2021		2020	
	Shares	£'000	Shares	£'000
Allotted, called-up and fully-paid:				
Ordinary shares of 25p each: publicly held	117,046,487	29,261	66,110,413	16,527
Ordinary shares of 25p each: held in treasury	2,483,045	621	2,483,045	621
	119,529,532	**29,882**	**68,593,458**	**17,148**

During the year no Ordinary shares were bought back (2020 – nil) by the Company. The Company's policy relating to the purchase of its own Ordinary shares is detailed on page 44.

During the year 50,936,074 Ordinary shares were issued in exchange for £427.2 million of net assets from Perpetual Income and Growth Investment Trust plc (note 19).

15. **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 117,046,487 (2020 – 66,110,413) Ordinary shares in issue at the year end (excluding treasury shares).

	2021 Net Asset Value Attributable		2020 Net Asset Value Attributable	
	£'000	pence	£'000	pence
Net asset value – debt at par	1,093,859	934.6	534,361	808.3
Add: amortised cost of 2.51% Senior Loan Notes	39,918	34.1	39,904	60.4
Less: fair value of 2.51% Senior Loan Notes	(40,000)	(34.2)	(40,266)	(61.0)
Add: amortised cost of 4.37% Senior Loan Notes	72,361	61.8	–	–
Less: fair value of 4.37% Senior Loan Notes	(70,893)	(60.6)	–	–
Net asset value – debt at fair value	**1,095,245**	**935.7**	**533,999**	**807.7**

16. **Analysis of changes in net debt**

	At 1 July 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2021 £'000
Cash and cash equivalents	16,365	(358)	(11,514)	–	4,493
Debt due within one year	(6,667)	420	6	–	(6,241)
Debt due after more than one year	(39,904)	–	–	(72,375)	(112,279)
	(30,206)	**62**	**(11,508)**	**(72,375)**	**(114,027)**

	At 1 July 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2020 £'000
Cash and cash equivalents	27,171	123	(10,929)	–	16,365
Debt due within one year	(6,601)	(238)	172	–	(6,667)
Debt due after more than one year	(39,896)	–	–	(8)	(39,904)
	(19,326)	**(115)**	**(10,757)**	**(8)**	**(30,206)**

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.

Overview
Strategic Report
Portfolio
Governance
Financial Statements
Corporate Information
General

Notes to the Financial Statements Continued

17. 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 2021 there were no open positions in derivatives transactions (2020 – same).

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

ASFML is a wholly owned subsidiary of the abrdn Group ("the Group"), which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. ASFML has delegated the day to day administration of the investment policy to Aberdeen Asset Managers 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). ASFML 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 Head of Risk, who reports to the 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 12. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement on pages 7 to 10, in the Investment Manager's Report on pages 11 to 15 and in Overview of Strategy on pages 17 to 22.

The Board has agreed the parameters for net gearing, which was 10.3% of net assets as at 30 June 2021 (2020 – 5.3%). 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.

17 (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 17. 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 11 to 15.

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 33 and an analysis of the equity portfolio by sector is on page 32.

17 (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 12.

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	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Danish Krone	–	–	16,757	7,606
Euro	–	–	42,023	20,590
Norwegian Krone	–	–	23,221	12,517
Sterling	3,809	16,365	1,069,162	480,762
Swiss Francs	684	–	30,958	31,845
Taiwan Dollars	–	–	6,859	–
US Dollars	–	–	13,310	7,887
Total	**4,493**	**16,365**	**1,202,290**	**561,207**

The floating rate assets consist of cash deposits on call 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 12 and 13.

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.

Notes to the Financial Statements Continued

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 2021 and net assets would increase/decrease by £12,000 (2020 – £97,000) respectively. This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and borrowings.

17 (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.

	30 June 2021			30 June 2020		
	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000
Danish Krone	16,757	(624)	16,133	7,606	(732)	6,874
Euro	42,023	(1,580)	40,443	20,590	(1,636)	18,954
Norwegian Krone	23,221	(1,106)	22,115	12,517	(1,049)	11,468
Swiss Francs	30,958	(1,274)	29,684	31,845	(2,562)	29,283
Taiwan Dollars	6,859	–	6,859	–	–	–
US Dollars	13,310	(556)	12,754	7,887	(688)	7,199
Total	**133,128**	**(5,140)**	**127,988**	**80,445**	**(6,667)**	**73,778**

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.

	2021 £'000	2020 £'000
Danish Krone	1,613	687
Euro	4,044	1,895
Norwegian Krone	2,212	1,147
Swiss Francs	2,968	2,928
Taiwan Dollars	686	–
US Dollars	1,275	720
Total	**12,798**	**7,377**

17 (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 17, 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 2021 would have increased/decreased by £120,229,000 (2020 – £56,120,000).

17 (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:

At 30 June 2021	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
Bank loans	6,241	–	–	–	6,241
2.51% Loan Notes	–	–	–	40,000	40,000
4.37% Loan Notes	–	–	–	60,000	60,000
Interest cash flows on bank loans	5	–	–	–	5
Interest cash flows on 2.51% Senior Loan Notes	1,004	2,008	2,008	1,506	6,526
Interest cash flows 4.37% Senior Loan Notes	2,622	5,244	5,244	7,866	20,976
Cash flows on other creditors	2,749	–	–	–	2,749
	12,621	**7,252**	**7,252**	**109,372**	**136,497**

At 30 June 2020	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
Bank loans	6,667	–	–	–	6,667
2.51% Senior Loan Notes	–	–	–	40,000	40,000
Interest cash flows on bank loans	2	–	–	–	2
Interest cash flows on 2.51% Senior Loan Notes	1,004	2,008	2,008	2,510	7,530
Cash flows on other creditors	1,494	–	–	–	1,494
	9,167	**2,008**	**2,008**	**42,510**	**55,693**

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 2021 the Company utilised £6,241,000 (2020 – £6,667,000) of a £20,000,000 multi–currency revolving bank credit facility, which is committed until 3 November 2021 (2020 – of a £20,000,000 multi–currency revolving bank credit facility committed until 6 November 2020). Details of maturity dates and interest charges can be found in note 12. The aggregate of all future interest payments at the rate ruling at 30 June 2021 and the redemption of the loan amounted to £6,246,000 (2020 – £6,669,000).

Notes to the Financial Statements Continued

17 (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 2021 is £9,822,000 (30 June 2020 – £19,916,000) consisting of £2,415,000 (2020 – £941,000) of dividends receivable from equity shares, £2,914,000 (2020 – £2,610,000) receivable from brokers and £4,493,000 (2020 – £16,365,000) in cash held.

None of the Company's financial assets are past due or impaired (2020 – none).

18. 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 the 2.51% Senior Loan Notes have been calculated as £40,000,000 (2020 – £40,266,000), determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time, compared to carrying amortised cost of £39,918,000 (2020 – £39,904,000).

The fair value of the 4.37% Senior Loan Notes, acquired as a result of the combination with Perpetual Income and Growth Investment Trust plc (note 19), have been calculated as £70,893,000, the value being based on a comparable debt security, compared to carrying amortised cost of £72,361,000.

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.

19. **Transaction with Perpetual Income and Growth Investment Trust plc ("PLI").** On 17 November 2020, the Company announced that it had acquired £427 million of net assets from PLI in consideration for the issue of 50,936,074 new Ordinary shares based on the respective formula asset values of the two entities on 12 November 2020.

Net assets acquired	£'000
Investments	459,361
Cash	40,248
Debtors	1,003
Current liabilities	(48)
Long term liabilities – 4.37% Senior Loan Notes 2029	(73,344)
Net assets	**427,220**
Satisfied by the value of new Ordinary shares issued	**427,220**

There were no fair value adjustments on completion of the combination made to the above figures.

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 Fees Payable section of the Directors' Remuneration Report on pages 47 to 48.

The Company has agreements with ASFML 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 25); 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 12 and 13 give details of the Company's bank facility agreement and loan notes respectively.

Securities Financing Transactions Disclosure

The Company engages in Securities Financing Transactions (SFTs) (as defined in Article 3 of Regulation (EU) 2015/2365, SFTs include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). In accordance with Article 13 of the Regulation, the Company's involvement in and exposures related to securities lending for the accounting period are detailed below:

During the year to 30 June 2021 the Company did not engage in any SFTs. At the year end no assets were engaged in SFTs (2020 – same).

	2021		2020	
Return and cost per type of SFT	**£'000**	**%**	**£'000**	**%**
Securities lending				
Gross return	–	–	15	120.00
Direct operational costs (securities lending agent costs)[A]	–	–	(3)	(20.00)
Indirect operational costs (Investment Adviser operational costs)	–	–	–	–
Total costs	–	–	(3)	(20.00)
Net return	–	–	12	100.00

[A] The unrounded direct operational costs and fees incurred for securities lending for the 12 months to 30 June 2021 is £nil (2020 – £3,071)

Corporate Information

Information about the Manager including Investment Process

Aberdeen Asset Managers Limited

The Company's Investment Manager is Aberdeen Asset Managers Limited, a subsidiary of abrdn whose assets under management and administration were £532 billion as at 30 June 2021, including 22 UK-listed closed end investment companies.

The Investment Managers

Charles Luke
Investment Director

BA in Economics and Japanese Studies from Leeds University and an MSc in Business and Economic History from the London School of Economics. Joined Aberdeen Standard Investments' Pan European equities team in 2000. He previously worked at Framlington Investment Management.

Iain Pyle
Investment Director

Investment Director in the UK equities team, having joined Standard Life Investments in 2015. Prior to joining, he was an analyst on the top-ranked Oil & Gas research team at Sanford Bernstein. Iain graduated with a MEng degree in Chemical Engineering from Imperial College and an MSc (Hons) in Operational Research from Warwick Business School. He is a chartered accountant and a CFA Charterholder.

The Investment Process

Investment Philosophy 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 Aberdeen Standard Investments. Ideas are generated through frequent direct company contact, deep fundamental analysis and integrated ESG analysis with rigorous team debate strengthening analytical conclusions. 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 three stages:

1. **Idea Generation and Research.** 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 generated to gain insight on the consensus view and supplement proprietary research.

2. **Stock Selection.** Buy ideas are peer reviewed by the whole UK equity team, evaluating the level of conviction and the materiality, corroboration and correlation of those investment opportunities. For the Company specifically, the Investment Manager aims to select high quality stocks. Quality is defined by reference to management, business focus, balance sheet and corporate governance.

3. **Portfolio Construction and Risk Management.** Portfolio construction is undertaken in a disciplined way, prioritising the taking of company specific risk with a rigorous sell discipline. Non-proprietary and proprietary quantitative tools are used to identify and control risk factor exposures, including sector and geographic weights.

The Investment Manager believes that good investment decision making requires clarity of responsibility for those decisions. Every stock has a named analyst responsible for its coverage, and every portfolio has a named fund manager responsible for its management. The individual portfolio managers make those decisions supported and challenged by the team, but accountability for the final decision is clear.

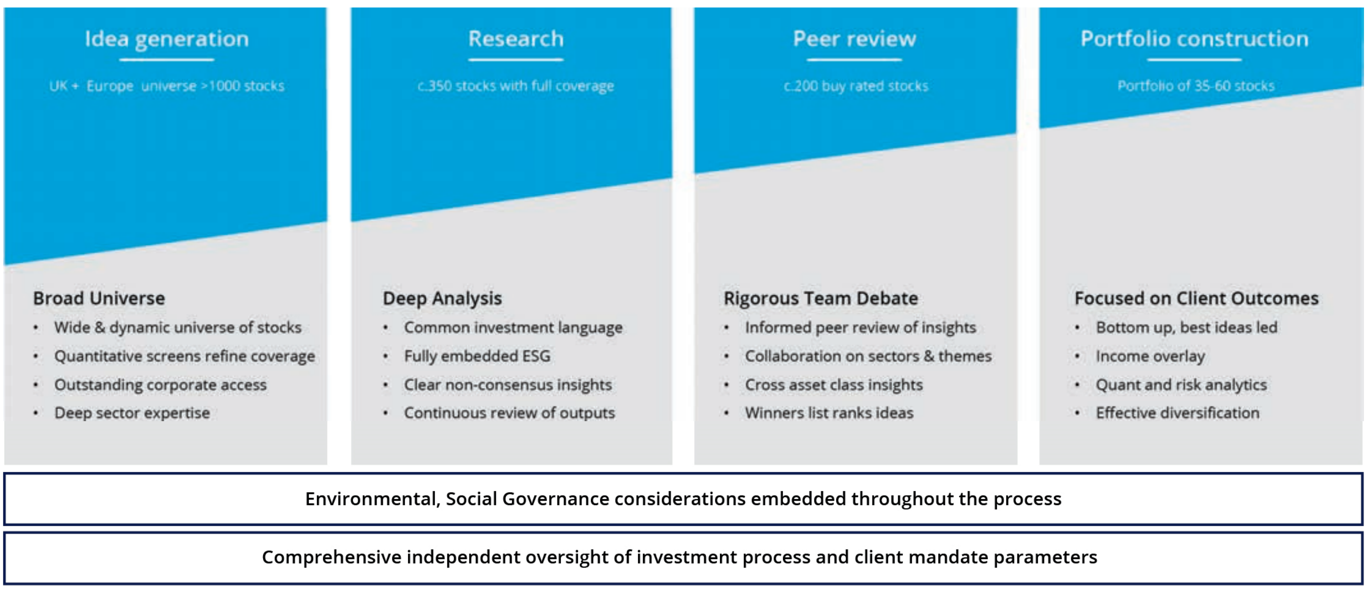
ESG integration means identifying and including all ESG analysis in each investment decision and the Investment Manager is regarded as a leader in this area. A central ESG team supports investment teams across different asset classes with its thematic work on areas such as remuneration and climate change, as well as taking responsibility for voting policies. The Investment Manager's Approach to ESG is set out on pages 88 to 90.

The investment process also leverages a wealth of knowledge, insight and expertise across asset classes and regions within Aberdeen Standard Investments. 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. 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 attend the equity team's daily meeting to share macro level insights.

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.

Accountability and Performance Evaluated at Each Stage of the Process



Source: Aberdeen Standard Investments

The Investment Manager's Approach to ESG

The Manager does not judge the suitability of an investment from an ESG perspective on a purely binary basis. Instead, a dynamic approach is taken, investing in companies where the greatest alignment to mitigating the risks can be seen or pursued further through their commitment to improving their ESG profile. The Manager believes in active engagement with our investments and potential investments: from providing initial guidance on suitable metrics through to holding the company to account for delivering on its promises. It is through this filter that the Manager is comfortable investing in, for example, sectors such as mining and oil & gas, subject to the belief that a company is taking the necessary action to address the energy transition. The Manager has high expectations for these companies given that many commodities are necessary for the transition to a low carbon future.

Core beliefs: Assessing Risk, Enhancing Value

There are three core principles which underpin the Investment Manager's integrated ESG approach. Firstly, ESG factors can materially impact financial returns and the long term success of the investment strategy. Secondly, by integrating ESG factors into investment decisions the Investment Manager generates a better understanding of how well companies are managing ESG risks and opportunities and this insight supports better decision making. Finally, active engagement with company management teams is central to enhancing value and a standard part of the Investment Manager's ongoing stewardship programme.

Responsible Investing – Integration of ESG into the Investment Manager's Process

"By embedding ESG factors into our active equity investment process, we aim to reduce risk, enhance potential value for our investors and foster companies that can contribute positively to the world." Aberdeen Standard Investments

Financial Returns	ESG factors can be financially material – the level of consideration they are given in a company will ultimately have an impact on corporate performance, either positively or negatively. Those companies that take their ESG responsibilities seriously tend to outperform those that do not.
Fuller Insight	Systematically assessing a company's ESG risks and opportunities alongside other financial metrics allows the Investment Manager to make better investment decisions.
Corporate Advancement	Informed and constructive engagement helps foster better companies, protecting and enhancing the value of the Company's investments.

"We believe that the market systematically undervalues the importance of ESG factors. We believe that in-depth ESG analysis is part of both fundamental company research and portfolio construction and will lead to better client outcomes." Aberdeen Standard Investments

Researching Companies: Deeper Company Insights for Better Investor Outcomes

The Investment Manager's portfolio managers, sector analysts, ESG equity analysts and central ESG Investment Team collaborate to generate a deep understanding of the ESG risks and opportunities associated with each company. The central ESG team also produces research into specific themes (e.g. labour relations or climate change), sectors (e.g. forestry) and ESG topics to understand and highlight best practice.

Global Networks: Working Together on Climate Change

The Investment Manager is a signatory to the UN Principles for Responsible Investment and actively collaborates on ESG issues with global asset managers and asset owners. Climate change is a particular area of focus because the physical and transition risks related to climate change have the potential to be financially material for many companies. The Investment Manager has been actively involved in initiatives such as Climate Action100+ and Institutional Investors Group on Climate Change ("IIGCC") Net Zero Framework and also supports the Task Force on Climate Related Disclosures ("TCFD") which aims to strengthen climate related reporting globally.

Portfolio Management Team

ESG House Score

- Responsibility of **ESG analyst**
- Based on quantitative data
- Incorporates ASI's views on materiality and sector specific risks
- Uses wide range of data sources including MSCI, Trucost, voting analysis and ASI investment insights
- Aims to be forward looking

ESG Investment Team

- Global insights
- Thematic research
- Co-ordination across asset classes

Equity ESG Quality Score

- Responsibility of **portfolio manager** and **sector analysts**
- Based on fundamental bottom up analysis of individual companies by on-desk analysts
- Assesses the ESG quality of companies
- Reflective of equity analyst expertise
- Incorporates engagement with companies on ESG issues

Portfolio Managers & Sector Analysts	All of the Investment Manager's equity portfolio managers and sector analysts seek to engage actively with companies to gain insight into their specific risks and provide a positive ongoing influence on their corporate strategy for governance, environmental and social impact.
ESG Equity Analysts	The Investment Manager has dedicated and highly experienced ESG equity analysts located across the UK, US, Asia and Australia. Working as part of individual investment teams, rather than as a separate department, these specialists are integral to pre-investment due diligence and post-investment ongoing company engagement. They are also responsible for taking thematic research produced by the central ESG Investment Team, interpreting and translating it into actionable insights and engagement programmes for its regional investment strategies.
ESG Investment Team	This central team of more than 20 experienced specialists based in Edinburgh and London provides ESG consultancy and insight for all asset classes. Taking a global approach both identifies regions, industries and sectors that are most vulnerable to ESG risks and identifies those that can take advantage of the opportunities presented. Working with portfolio managers, the team is key to the Investment Manager's active stewardship approach of using shareholder voting and corporate engagement to drive positive change.

The Investment Manager's Approach to ESG Continued

ESG Research Process: Introduction

The Investment Manager employs around 150 equity professionals globally. A systematic and globally-applied approach to evaluating stocks allows the Investment Manager to compare companies consistently on their ESG credentials – both regionally and against their peer group. The Investment Manager uses a combination of external and proprietary in-house quantitative scoring techniques to complement and cross-check analyst-driven ESG assessments. ESG analysis is peer-reviewed within the equities team, and ESG factors impacting both sectors and stocks are discussed as part of the formal sector reviews.

ESG House Score

The ESG House Score is produced by the ESG Equity Analysts. The ESG House Score framework has two main pillars which include detailed operational and governance metrics. The underlying key performance indicators are weighted according to how material they are for each sector and country and populated from proprietary and external data sources such as MSCI and Trucost. The scores are standardised to allow the Investment Manager to see how individual companies rank in a global context. These scores complement the fundamental analysis of the equity analysts and the ranking of companies from Laggards to Best in Class.

Equity ESG Quality Score

The Investment Manager's equity sector analysts have a fully integrated approach to ESG analysis. Within the equity investment process, every company is given a proprietary Quality Rating which has five components: industry analysis, business model analysis, analysis of the company's moat or competitive advantage, consideration of ESG factors, assessment of management and analysis of financials. In considering the ESG Quality Score the analyst considers these key questions:

- Which ESG issues are relevant for this company, how material are they, and how are they being addressed?
- What is the assessment of the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

Having considered the regional universe and peer group in which the company operates, the Investment Manager's equity team then allocates it an ESG Quality rating between one and five (see below). This is applied across every stock that the Investment Manager covers globally. To be considered 'best in class', the management of ESG factors must be a material part of the company's core business strategy; management must provide excellent disclosure of data on key risk; management must also have clear policies and strong governance structures, among other criteria.

Working with Companies: Staying Engaged, Driving Change

The Investment Manager continuously monitors and actively engages with the companies in which it invests to maintain ESG focus and improvement. This stewardship of client's assets consists of four interconnected and equally important activities by the Investment Manager to monitor, contact, engage and act.

The Investment Manager actively and regularly engages with the management teams of companies in which they are invested in order to share examples of best practice seen in other companies and to effect positive change. The Investment Manager also actively engages with management teams to explain voting decisions at company annual general meetings. The Investment Manager's engagement extends beyond the company's management team and can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients.

Priorities for engagement are established by the use of the ESG House Score, in combination with bottom-up research insights from investment teams across asset classes, and areas of thematic focus from our company-level stewardship activities. What gets measured gets managed, so the Investment Manager strongly encourages companies to set clear targets or key performance indicators on all material ESG risks.

Monitor	Contact	Engage	Act
Ongoing due diligence · Business performance · Company financials · Corporate governance · Company's key risks and opportunities	**Frequent dialogue** · Senior executives · Board members · Heads of departments and specialists · Site visits	**Exercise rights** · Attend AGM/EGMs · Always vote · Explain voting decisions · Maximise influence to drive positive outcomes	**Consider all options** · Increase or decrease shareholding · Collaborate with other investors · Take legal action if necessary

Investor Information

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

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML") as its alternative investment fund manager ("AIFM") and BNP Paribas Securities Services, London Branch as its depositary under the AIFMD.

The AIFMD requires ASFML, as the Company's AIFM, 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**

The periodic disclosures required to be made by ASFML under the AIFMD are set out on page 94.

Benchmark

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

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

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

Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 105.

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

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 (see Additional Shareholder Information on page 105). Changes of address must be notified to the Registrar in writing.

If you have any general questions about your Company, the Manager or performance, please contact the Aberdeen Standard Investments Customer Services Department by calling 0808 500 0040, sending an email to **inv.trusts@abrdn.com** or writing to:

Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2021/22 tax year (2020/21 tax year - £2,000). Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the Aberdeen Standard Investments Plan for Children, Investment Trust Share Plan or Investment Trust Individual Savings Account.

Aberdeen Standard Investments Plan for Children

Aberdeen Standard Investments operates an investment plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry, where applicable. Selling costs are £10 + VAT, if applicable. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Investor Information Continued

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

Aberdeen Standard Investments ISA
Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2021/22.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases, where applicable. Selling costs are £15 + VAT, if applicable. The annual ISA administration charge is £24 + VAT, if applicable, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

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

Nominee Accounts and Voting Rights
All investments in the Aberdeen Standard Investments Children's Plan, Share Plan and ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

How to Attend and Vote at Company Meetings
Investors who hold their shares in the Company via the Children's Plan, Share Plan or ISA and would like to attend and vote at Company meetings (including AGMs) will be sent for completion and return a Letter of Direction in connection with the relevant meeting.

Investors who hold their shares via another platform or share plan provider (for example Hargreaves Lansdown, Interactive Investor or AJ Bell) and would like to attend and vote at Company meetings (including AGMs) should contact their platform or share plan provider directly to make arrangements. Further details of how to attend and vote if you hold your shares via a platform or share plan provider are available at **https://www.theaic.co.uk/shareholder-voting-consumer-platforms**

Keeping You Informed
Further information may be found on the Company's dedicated website: **murray-income.co.uk**. This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports and the latest monthly factsheet on the Company issued by the Manager. The Company's Ordinary share price appears under the heading 'Investment Companies' in the Financial Times and in The Daily Telegraph and The Times. Alternatively, please call 0808 500 0040 (Freephone) or email **inv.trusts@abrdn.com** or write to Aberdeen Standard Investments.

If you have an administrative query which relates to a direct shareholding in the Company, please contact the Registrar (see page 105 for details). If investors would like details on the Company or information on the Children's Plan, Share Plan, ISA or ISA Transfers, please e-mail **inv.trusts@abrdn.com**

or telephone 0808 500 0040

or write to –
Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB.

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

https://twitter.com/AberdeenTrusts

https://www.linkedin.com/company/aberdeen-standard-investment-trusts

Literature Request Service
For literature and application forms for Aberdeen Standard Investments Children's Plan, Share Plan or ISA, please check **invtrusts.co.uk** or call 0808 500 0040.

Terms and Conditions
Terms and conditions for Aberdeen Standard Investments managed savings products can also be found under the Literature section of our website at: **invtrusts.co.uk.**

Key Information Document ("KID")
The KID relating to the Company can be found on the Company's website.

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.

Online Dealing

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

Discretionary Private Client Stockbrokers

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

Financial Advisers

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

Regulation of Stockbrokers

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

Tel: 0800 111 6768 or
at **fca.org.uk/firms/financial-services-register**
Email: **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 91 to 93 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 Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

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),** 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 2021.

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 on pages 6 to 26, Note 17 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 Aberdeen Standard Fund Managers Limited (the "AIFM");
- 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 2020 is available on the Company's website, or on request from the Company Secretaries, Aberdeen Asset Management PLC.

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 2021	1.21:1	1.21:1

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 Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

General

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 viewed as particularly relevant for closed-end investment companies.

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.

Year ended 30 June 2021		Share Price	NAV
Opening at 1 July 2020	a	768.0p	808.3p
Closing at 30 June 2021	b	871.0p	934.6p
Price movements	c=(b/a)-1	13.4%	15.6%
Dividend reinvestment[A]	d	5.1%	5.0%
Total return	c+d	**18.5%**	**20.6%**

Year ended 30 June 2020		Share Price	NAV
Opening at 1 July 2019	a	850.0p	888.1p
Closing at 30 June 2020	b	768.0p	808.3p
Price movements	c=(b/a)-1	–9.6%	–9.0%
Dividend reinvestment[A]	d	3.8%	3.7%
Total return	c+d	**–5.8%**	**–5.3%**

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

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

		2021	2020
NAV per Ordinary share (p)	a	934.6	808.3
Share price (p)	b	871.0	768.0
Discount	(b-a)/a	–6.8%	–5.0%

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

		2021	2020
Revenue return per share	a	33.73p	30.50p
Dividends per share	b	34.50p	34.25p
Dividend cover	a/b	0.98	0.89

Dividend yield. The annual dividend of 34.50p per Ordinary share (30 June 2020 – 34.25p) divided by the share price of 871.00p (30 June 2020 – 768.00p), expressed as a percentage.

		2021	2020
Dividends per share	a	34.50p	34.25p
Share price	b	871.00p	768.00p
Dividend yield	a/b	**4.0%**	**4.5%**

Net gearing. Net gearing measures the total borrowings less cash and cash equivalents divided 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.

		2021	2020
Borrowings (£'000)	a	118,520	46,571
Cash (£'000)	b	4,493	16,365
Amounts due to brokers (£'000)	c	1,191	534
Amounts due from brokers (£'000)	d	2,914	2,610
Shareholders' funds (£'000)	e	1,093,859	534,361
Net gearing	(a-b+c-d)/e	**10.3%**	**5.3%**

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 net asset values with debt at fair value throughout the year.

		2021	2020
Investment management fees (£'000)	a	2,512	2,660
Administrative expenses (£'000)	b	1,443	1,105
Less: non-recurring charges[A] (£'000)	c	(115)	(105)
Ongoing charges (£'000)	a+b+c	**3,840**	**3,660**
Average net assets (£'000)	d	**841,850**	**570,683**
Ongoing charges ratio	e=(a+b+c)/d	**0.46%**	**0.64%**

[A] 2021 comprises £18,000 for legal fees and £6,000 for audit fees relating to the merger and £91,000 relating to HMRC penalty for late payment of stamp duty associated with the merger. 2020 comprises £3,000 for legal fees and £102,000 for advertising campaign costs.

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.

Glossary of Terms

abrdn or abrdn plc (formerly Standard Life Aberdeen plc) or the Group
The abrdn plc group of companies. Standard Life Aberdeen plc changed name to abrdn plc in July 2021.

Aberdeen Standard Investments
A brand of the investment business of abrdn plc.

ASFML or AIFM or Manager
Aberdeen Standard Fund Managers Limited ("ASFML"), formerly Aberdeen Fund Managers Limited, is a wholly owned subsidiary of Aberdeen Asset Management PLC, which is part of abrdn, and acts as the alternative investment fund manager ("AIFM") for the Company. ASFML is authorised and regulated by the Financial Conduct Authority.

AIC
The Association of Investment Companies (theaic.co.uk)

Benchmark
FTSE All-Share Index.

FCA
The Financial Conduct Authority.

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.

Net Asset Value or NAV (APM)
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

PLI
Perpetual Income and Growth Investment Trust plc, which combined with the Company on 17 November 2020.

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.

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 2 November 2021 at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB, for the purpose of considering and if thought fit passing the following resolutions, of which Resolutions 1 to 11 inclusive will be proposed as Ordinary Resolutions and Resolutions 12 and 13 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 2021.
2. To receive and adopt the Directors' Remuneration Report for the year ended 30 June 2021 other than the Directors' Remuneration Policy.
3. To approve the Company's dividend policy to pay four quarterly interim dividends per year.
4. To re-elect Stephanie Eastment* as a Director of the Company.
5. To re-elect Alan Giles* as a Director of the Company.
6. To re-elect Merryn Somerset Webb* as a Director of the Company.
7. To re-elect Peter Tait* as a Director of the Company.
8. To re-elect Neil Rogan* as a Director of the Company.
9. To re-appoint PricewaterhouseCoopers LLP as independent auditor of the Company.
10. To authorise the Audit Committee to fix the remuneration of PricewaterhouseCoopers LLP as independent auditor of the Company for the year ended 30 June 2022.

Special Business

Authority to Allot

11. 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 £1,463,081 (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 2022, 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

12. THAT, subject to the passing of Resolution 11 proposed at the Annual General Meeting of the Company convened for 2 November 2021, 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 2022, 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 £2,926,162 (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 2021 and at a price not less than 0.5% above the net asset value per share (as determined by the Directors).

Notice of Annual General Meeting Continued

Authority to Make Market Purchases of Shares

13. 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 17,545,268 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 2022 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;
    - (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.

1 George Street
Edinburgh
EH2 2LL

By order of the Board
Aberdeen Asset Management PLC
Secretaries

20 September 2021

* The biographies of the Directors offering themselves for re-election may be found on pages 36 to 38.

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 29 October 2021. 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 2 November 2021 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 either:

- 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, on Tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls 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.
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Group at 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 12.30pm on 29 October 2021.

(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 in note (x) 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 **euroclear.com/site/public/EUI**). 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 & Ireland 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 29 October 2021. 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 & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(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 20 September 2021 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 117,046,487 ordinary shares, carrying one vote each and 2,483,045 shares held in treasury. Therefore, the total voting rights in the Company as at 20 September 2021 are 117,046,487.

Notice of Annual General Meeting Continued

(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.

(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) You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

(xviii) 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**

(xix) There are special arrangements for holders of shares through Aberdeen Standard Investments Investment Plan for Children, Investment Trust Share Plan and Investment Trust Individual Savings Account ("ISA"). These are explained in the separate 'Letter of Direction' which such holders will have received with this Annual Report.

(xx) If the law or Government guidance in relation to the risks posed by Covid-19 so requires at the time of the Meeting, physical attendance at the Meeting may not be possible. In these circumstances, the Chairman will limit, in his sole discretion, the number of individuals in physical attendance at the meeting 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 Chairman's Statement, shareholders are encouraged to submit questions in advance of the Meeting to **murray.income@abrdn.com**

Additional Shareholder Information

Directors
Neil Rogan (Chairman)
Jean Park (Senior Independent Director)
Stephanie Eastment (Chairman of the Audit Committee)
Donald Cameron
Alan Giles
Peter Tait
Merryn Somerset Webb

Company Secretaries, Registered Office and Company Number
Aberdeen Asset Management PLC
1 George Street
Edinburgh EH2 2LL

Registered in Scotland under company number SC012725 as a company limited by shares

Website
murray-income.co.uk

Legal Entity Identifier
549300IRNFGVQIQHUI13

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

Points of Contact
The Chairman or Company Secretaries at the Registered Office of the Company

Email: murray.income@abrdn.com

Customer Services Department and Aberdeen Standard Investments Children's Plan, Share Plan and ISA Enquiries
Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0808 500 0040
(open Monday to Friday from 9.00am to 5.00pm, excluding public holidays)
Email: inv.trusts@abrdn.com

https://twitter.com/AberdeenTrusts

https://www.linkedin.com/company/aberdeen-standard-investment-trusts

Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
Authorised and regulated by the Financial Conduct Authority

Investment Manager
Aberdeen Asset Managers 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 at:

signalshares.com

Alternatively, please contact the Registrar –

By email, via the above website

By phone, Tel: 0371 664 0300
(UK calls cost 10p per minute plus network extras)
From overseas: +44 208 639 3399
(open Monday to Friday, from 9.00am to 5.30pm, excluding public holidays)

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

Independent Auditor
PricewaterhouseCoopers LLP

Depositary
BNP Paribas Securities Services, London Branch

Lawyer
Dickson Minto W.S.

Stockbroker
Investec Bank plc

MIX
Paper from responsible sources
FSC® C005739
FSC www.fsc.org

Visit us online
murray-income.co.uk

Aberdeen Standard
Investments