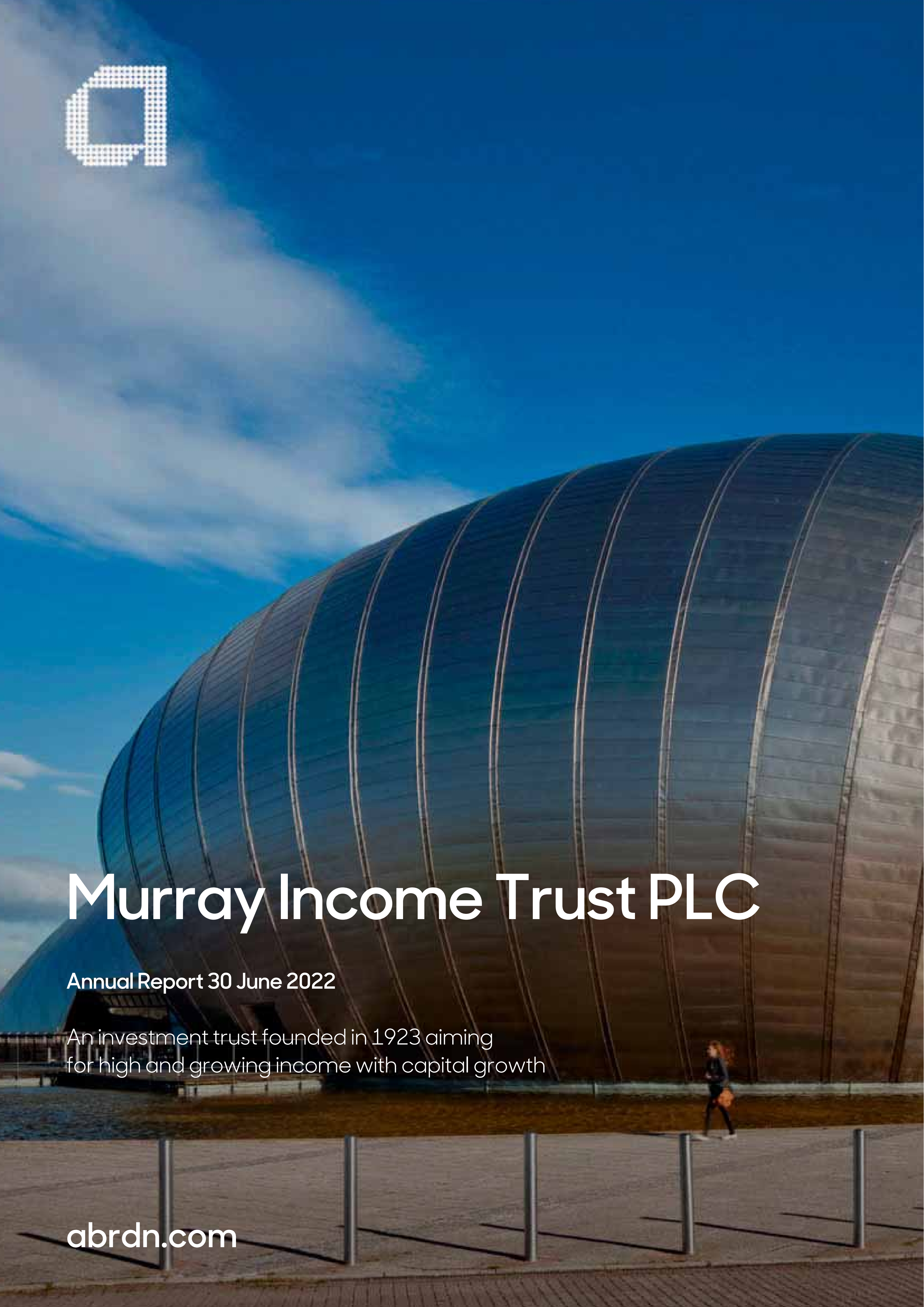


Murray Income Trust PLC

Annual Report 30 June 2022

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

abrdn.com

Investment Objective

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

Financial Calendar

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

Front cover image: Glasgow Science Centre

Contents

Neil Rogan, Chairman

Charles Luke and **Iain Pyle**, Investment Manager

Performance Highlights

Net asset value total return[AB]

(4.0)%

2021: +20.6%

Share price total return[AB]

(0.7)%

2021: +18.5%

Benchmark total return[AC]

+1.6%

2021: +21.4%

Ongoing charges[B]

0.48%

2021: 0.46%

Earnings per share (revenue)

40.5p

2021: 33.7p

Dividend per share

36.00p

2021: 34.50p

Discount to net asset value[B]

3.8%

2021: 6.8%

Dividend yield[B]

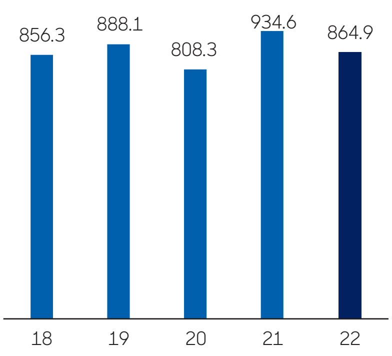
4.3%

2021: 4.0%

[A] Total return as defined on page 105.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 104 and 105.
[C] The Company's benchmark is the FTSE All-Share Index.

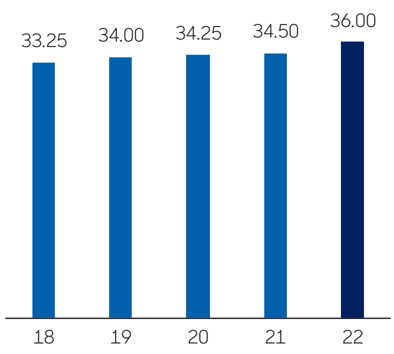
Net Asset Value per share

At 30 June – pence



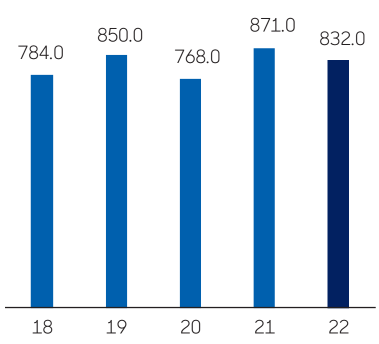
Dividends per share

Year ended 30 June – pence



Mid-market price per share

At 30 June – pence



Strategic Report

Owned partly by SSE, a portfolio company, the Clyde Wind Farm in South Lanarkshire, Scotland, operates 206 turbines with an installed capacity of 522MW.

Chairman's Statement

Highlights

- a poor second half resulted in full year performance behind the FTSE All-Share Index
- total dividends per share increased by 4.3% to 36.00p, the 49th year of consecutive increase
- the dividend yield was 4.3% based on the year end share price of 832.0p

Review of the Year ended 30 June 2022 (the "Year")

Having been a little ahead of the FTSE All-Share Index (the "Benchmark") at the interim stage, it is disappointing to report that the total return numbers for the Year show your NAV decreasing by 4.0% and your share price falling marginally by 0.7%. Your Company has underperformed the Benchmark which has seen a total return of 1.6%. The pain was clearly taken in the second half and performance attribution analysis shows that the underperformance can be pinned in broadly equal parts on style rotation and stock selection. Although your Manager's investment style does not lead to a technology or an internet bias, its search for "quality" means it will typically be underweight the "value" sectors of the market. Additionally, like many other managers, their ESG work has led them to have a low exposure to oil and gas stocks. Prompted by the Nasdaq sell off that began in January, and accelerated by the Russian invasion of Ukraine that led to commodity prices rising dramatically, what were deemed low-quality resource and bank stocks have performed very strongly. Compounding this unfriendly style rotation were some stock specific issues, as ever, easier to see with hindsight. **Coca Cola Hellenic, Inchcape** and **Mondi** (representing 5.7% of NAV, in aggregate) were hit by their Russian exposure. **Countryside Partnerships** had problems all of its own making. The Investment Manager explains performance in further detail in the Investment Manager's Review.

The Board has declared a fourth interim dividend per share of 11.25p, payable on 15 September 2022, which makes a total for the Year of 36.0p, an increase of 4.3% on the 34.5p per share paid in the previous year. This marks the 49th consecutive year of dividend increases, securing our continued place on the AIC's list of Dividend Heroes.

Revenue per share for the year grew to an all-time high of 40.5p, up 20.2% from the previous year's 33.7p, and the 36.00p dividend was 112% covered by net income received during the Year. As a consequence, we were able to use the excess to bolster revenue reserves per share from 12.9p to 17.5p, equivalent to 48% of the current annual dividend of 36.00p, up from 37% coverage at the previous year end. The Board gave extensive consideration as to how much to grow the dividend, recognising the impact that inflation is having on shareholders' real income, and how much to add to reserves. Two factors influenced us in our decision. First, the Board's aim is that revenue reserves per share be in the range of a half to a full year's dividend per share. Second is our Investment Manager's projection that revenue per share is expected to fall next year before rising again thereafter, affected by the absence of some companies' post-Covid-19 bumper dividends and the effects of continued supply chain disruption, as well as increasing inflation.

Environmental, Social and Governance ("ESG")

ESG considerations are deeply embedded into the company analysis carried out by our Investment Manager, which is able to draw on the expertise of more than 40 in-house ESG specialists. This aims to mitigate risk and enhance returns, results in frequent dialogue with investee companies and helps to ensure that the companies in the portfolio are acting in the best long-term interests of their shareholders and society at large. It is important to note that the policy pursued by our Investment Manager on our behalf is dynamic rather than static. ESG conclusions can change if the inputs change: for example, one might look at Russia's invasion of Ukraine and conclude that the social factor of security and safety is more important now than previously considered. Similarly, one might consider energy security be given a higher weight relative to absolute CO_2 emissions and come to a different conclusion on holding an oil or gas stock. Further information on how the Investment Manager considers ESG factors may be found on pages 93 to 97.

Discount

From the start to the end of the Company's year, the discount at which the Company's share traded relative to the NAV, narrowed from 6.8% to 3.8%. The average discount over the year was 6.1% and the range was 3.1% to 8.2%. The Board monitors the discount level closely and requests permission from shareholders at each AGM to renew the buyback and issuance policy.

Share Capital

The Company bought back 356,015 shares into Treasury during the Year, equivalent to 0.3% of share capital. No shares were issued or sold from Treasury. As at 30 June 2022, there were 116,690,472 Ordinary 25p shares in issue with voting rights and 2,839,060 shares held in Treasury.

Ongoing Charges

The 2020 merger with Perpetual Income & Growth Investment Trust 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% per annum on assets over £450m. The effect of expanding the Company has produced a blended management fee rate of 0.40% for the Year.

With most of the other ongoing charges being fixed costs, the Company's overall ongoing charges rate has risen marginally to 0.48%, from 0.46%, as the NAV has fallen.

Borrowing and Gearing

The Board reviews on a regular basis both the Company's borrowings and the use of those borrowings to gear the portfolio. The Company has £100m of long-term borrowings with £40m due in 2027 and £60m due in 2029 at a blended annual interest rate of 3.6%. During the Year, the short-term multicurrency facility with The Bank of Nova Scotia Limited was increased by £30m to £50m. Consequently, at the year end, the Company had £150m of borrowing facilities available representing 14.9% of net asset value. With the beta of the investment portfolio currently running at 0.9 (typical of the Investment Manager's style), the Board believes that the appropriate neutral gearing rate is 10%. At the year end the actual gearing rate was 9.4% (2021: 10.3%). The annual cost of the Company's current borrowings was 0.23% of the year end NAV.

Board Composition

As previously announced, Jean Park and Donald Cameron retired from the Board at the conclusion of the November 2021 AGM, both having served their full nine-year terms. We were pleased to announce that Nandita Sahgal Tully joined us shortly thereafter, bringing with her more than 25 years' experience in financial services, including ESG and impact investing in both the UK and emerging markets,. These changes take the Board back to its normal complement of six Directors.

Shareholder Presentation on 2 November 2022

After welcoming shareholders to our Annual General Meeting in London on 1 November 2022 we will also hold an online presentation for existing and potential shareholders at 2pm on 2 November 2022. This will include the opportunity to pose questions to your Chairman and Investment Manager.

Please register for this event at: **https://events.abrdn.com/zo7Yk3** or via the Company's website. Questions may also be submitted in advance to **murray.income@abrdn.com**.

Annual General Meeting

The Company expects to hold the Annual General Meeting ("AGM") in its traditional format, without any restrictions imposed by measures to restrict the transmission of Covid-19. 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 1 November 2022 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 Investment 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 ask questions about, and vote on, the AGM resolutions. After this will be an informal lunch at which shareholders will be able to chat to the Investment Manager and Directors. Shareholders may bring a guest with them to the meeting.

I always welcome questions from our shareholders at the AGM. Shareholders are asked to submit their questions prior to the meeting (and in any event by no later than 18 October 2022) by email to **murray.income@abrdn.com** in relation to the Annual Report, the Notice of AGM or the Company more generally. This is also the email address if you wish to attend the AGM and are unsure how to register. The Board and/or the Investment Manager will endeavour to respond to all such questions received.

Update

From 30 June 2022 to 16 September 2022, being the latest practicable date prior to approval of this Report, the share price total return and NAV per share total return were -2.8% and 1.5%, respectively, as compared to the Benchmark total return of 1.9%.

Outlook

The Outlook section of the Chairman's Statement is always the most difficult to write. It obviously has to be a considered and realistic reflection on the outlook for the Company. But there is also an expectation for a wider commentary and opinion on the outlook for markets.

Chairman's Statement

Continued

Plus there's scope for a personal touch. I'm still surprised at how many Chairman's statements appear to be written by the Manager instead of the Chairman. I start writing in July once the preliminary performance numbers come in and I've been briefed about our Investment Manager's review. After a couple of drafts, it is submitted to the Company Secretary who distributes it to the rest of the Board for review in late August. My fellow Directors then provide a welcome, and sometimes robust, number of edits and often a section has to be completely rewritten because it has been overtaken by events. Eventually, by the time of our September Board meeting, we agree the final wording for inclusion in the Annual Report for issue to shareholders.

We find ourselves in a scarcely credible era of uncertainty and without strong political, economic or social leadership. Domestic politics, geopolitical tensions and war, inflation, labour shortages, recession, strikes, energy shortages; all these factors have the capacity to heavily affect the outlook for the companies in which we invest. Every one of them is impossible to predict with confidence at the moment. So what is the outlook? In truth, we can't be sure.

All the issues are fixable but not without strong leadership. That's the most concerning thing this time around. After similar issues in the 1970s, the 1980s saw Margaret Thatcher, Ronald Reagan, Mikhail Gorbachev and, perhaps most importantly, Paul Volcker (chairman of the US Federal Reserve from 1979 to 1987) provide very strong leadership and guide their countries to recovery. I'm a naturally optimistic person so I scour the TV news and politics programmes for the world's new generation of strong leaders which will take us towards recovery. I'm still looking. Full recovery may take a long time.

What will happen to the companies in our portfolio while we wait? Based on trailing earnings, the PER (price to earnings ratio, the most popular stock valuation measure) of our current portfolio is 13x. That is down from 16x six months ago and is the lowest I have seen it in the eight years I have been a Director. It has been as high as 20x. To me that means that a lot of the bad news is priced in. If you think about the headlines we've been reading these past six months, it is possible to make a case that much of the bad news is behind us. But note that this is a valuation measure based on the previous 12 months of earnings. If corporate earnings are about to tumble, then stock markets could move down in parallel and still give the same valuation. That's the real danger, so not surprisingly our Investment Manager is analysing our holdings' earnings prospects with extra vigilance. One of the main reasons behind our Investment Manager's quality philosophy is that the companies selected should be sufficiently robust and well managed to withstand turbulent times like these. We have great faith in our Investment Manager's long-term investment approach.

In theory, it should be a good moment for quality. In reality, we will have to wait and see.

Neil Rogan
Chairman
21 September 2022

Investment Manager's Review

Background

For the UK equity market, the year ended 30 June 2022 (the "Year") started with continued good progress aided by robust earnings delivery and supportive oil prices. This was despite concerns around Covid-19 (in particular the Delta variant in July 2021 and the Omicron variant from November 2021). While the stockmarket recognised rising prospects for inflation and higher interest rates, these were not yet seen as a risk. As the Year progressed these two factors were increasingly in focus and have largely driven stockmarket direction in the second half of the Year. Early in 2022, the rising stockmarket stalled, as higher interest rates led to a sharp market rotation away from growth stocks and towards more value sectors. This rotation was exacerbated as tensions escalated in eastern Europe with the sharpest fall on 24 February 2022 when Russian troops invaded and launched attacks on airports and military sites in Ukraine. The impact of the Russian invasion on commodity prices increased inflationary pressures globally. Markets recovered somewhat soon after but ongoing fears of higher inflation and the risk of a global recession fuelled a fresh wave of selling in June 2022.

Domestic economic data published across the Year reflected the circuitous return to more normal economic conditions. Growth was initially aided by the lifting of the remaining legal restrictions to control Covid-19 in late February 2022. However, the rebound in activity levels combined with tight supply in many areas and higher commodity prices meant that levels of inflation have repeatedly been higher than expected. The last reading of 9.9% in August (as measured by the Consumer Prices Index) marked another 40-year high, down slightly from 10.1% for July. Energy prices, as well as clothing, food and second-hand car prices, have been major factors, compounded by ongoing global supply chain issues.

The Bank of England ("BoE") raised interest rates to 0.25% at its December meeting, which was the first movement for over three years, before an additional four increases resulted in a rate of 1.25% by 30 June 2022. In early August 2022, the BoE revised its forecasts for peak inflation of 13% in late 2022, driven by higher household energy prices. A predicted contraction in GDP for up to five quarters signalled that the UK would enter a recession. At the same time the BoE announced a further 0.5% increase in interest rates, to 1.75%, the largest single rise in 27 years.

Overseas, the global economy is expected to slow in 2022 as remaining outbreaks of Covid-19 variants, supply bottlenecks and the Russian invasion of Ukraine all weigh on activity. At each of their June 2022 and July 2022 meetings, the US Federal Reserve raised rates by 0.75% as it sought to control inflation. China continues to operate a zero-Covid-19 policy which has led to renewed lockdowns and weak GDP data. Oil and other commodity prices have increased over the Year driven by the Russian invasion of Ukraine and concerns over supply disruptions. Risks of sustained higher prices are greater due to a period of under investment compounded by supply disruption. The International Monetary Fund expects the global economy to grow by only 3.6% in each of 2022 and 2023, as compared to growth of 6.1% in 2021.

Equities were stable over the Year, although that masks the underlying volatility experienced by markets. The Benchmark ended the Year 1.6% higher on a total return basis (that is, with dividends reinvested), but that came as a result of a 6.5% rise in the second half of calendar 2021, followed by a 4.6% fall in the first six months of 2022. The energy sector performed exceptionally strongly in the Year as oil and gas prices spiked. On the other hand the weakest performance was seen in the technology sector where valuations of long-dated cash flows were impacted by the significant rise in base rates. In a broad reversal of the prior year's performance, the more defensive areas of the market such as healthcare, utilities and telecommunications performed well while more cyclical, economically-sensitive areas of the market such as consumer discretionary and industrials underperformed.

From a size perspective, reversing the pattern of the previous year, the FTSE 100 Index significantly outperformed both the Mid 250 and Small Cap Index, with the divergence in performance most prevalent in the first half of 2022.

Performance

The Company generated a negative net asset value per share total return of 4.0% for the Year which compares to a strong 20.6% rise in the prior year. The benchmark FTSE All-Share Index increased by 1.6% over the Year. The portfolio modestly outperformed in the first and second quarters of the Year but underperformed during the third and final quarters. This relative underperformance since the start of 2022 reflects a market style rotation from growth and quality to value, initially benefitting the energy and financial sectors, with the outperformance of energy sustained following the Russian invasion of Ukraine. Interest rate increases, as central banks look to control rising inflation, have meant growth companies with long-dated cash flows underperformed. Given the portfolio's focus on high quality companies, underweight position in energy and tobacco stocks, and its above Benchmark exposure to mid-cap companies, it is unsurprising that the portfolio underperformed in these circumstances.

Investment Manager's Review

Continued

Long term returns remain positive compared to the Benchmark and it is also important to consider risk-adjusted returns or, 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, for the second consecutive year, was awarded the Citywire UK Equity Income Investment Trust of the Year for a three year information ratio considerably ahead of all of its peers.

On a total return basis, the Company's share price decreased by 0.7% which reflected a narrowing of the discount to Net Asset Value at which the shares traded from 6.8% to 3.8%.

In absolute terms, taking account of the £60m of senior secured fixed rate notes 2029, £40m of senior secured fixed rate notes 2027, as well as £6.5m drawn down from an unsecured multi-currency revolving credit loan facility agreement with The Bank of Nova Scotia Limited, debt was £106.5m at the end of the Year. The net gearing was 9.4% at the end of the Year as compared to 10.3% at the end of the prior year.

Looking specifically at the Company's portfolio, asset allocation and stock selection both held back performance over the Year with asset allocation being a more significant contributor to underperformance than stock selection where the impact was more modest. Negative asset allocation in the Year primarily reflected the portfolio's lower exposure to the energy sector and higher exposure to the industrials and financials sectors.

Turning to the individual holdings, there were numerous companies that demonstrated strong share price increases. The share prices of **Novo Nordisk**, **Drax**, and **Total Energies** all increased by over 40% during the Year. However, the two poorest share price performances were from **Countryside Partnerships** and **Ashmore** whose share prices both fell by 52%. **Countryside Partnerships** underperformed as the company announced the CEO would be stepping down following poor execution and a failure to meet build targets. In our view the issues the company faced are fixable and partnership housing remains an attractive segment of the market given structural demand growth and high returns. The shares of **Ashmore** have been weak as emerging market debt has been out of favour leading to fund outflows. The holdings in **Coca Cola Hellenic**, **Inchcape** and **Mondi** also contributed negatively to performance, with each of these companies having exposure to Russia and/or Ukraine.

Performance Attribution for the year ended 30 June 2022

	%
Net Asset Value total return for year per Ordinary share	–4.0
FTSE All Share Index total return	1.6
Relative return	**–5.6**

Relative return		
	Stock selection	
	Energy	–0.2
	Basic Materials	–0.5
	Industrials	0.1
	Health Care	0.3
	Consumer Staples	–0.6
	Consumer Discretionary	0.4
	Telecommunications	–0.3
	Utilities	0.3
	Technology	0.2
	Financials	–1.0
	Real Estate	0.5
	Total stock selection (equities)	**–0.8**
	Asset allocation (equities)	
	Energy	–1.6
	Basic Materials	–0.1
	Industrials	–1.7
	Health Care	–0.6
	Consumer Staples	–0.8
	Consumer Discretionary	0.5
	Telecommunications	–0.1
	Utilities	0.4
	Technology	–0.8
	Financials	0.9
	Real Estate	–0.3
	Total asset allocation (equities)	**–4.2**
	Cash & options	0.4
	Gearing	–0.4
	Administrative expenses	–0.2
	Management fees	–0.4
Total		**–5.6**

Sources : abrdn, BNP

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 and management fees – these reduce total assets and therefore reduce performance.

Portfolio Activity and Structure

Turnover of approximately 18% was lower than in the prior year. The pattern of trades reflects reduced exposure to several of the largest companies in the market and a willingness to increase the active share (see Glossary on page 106) of the portfolio (being its similarity to the constituents of the Benchmark), which is now approximately 70%, while further both improving the quality of the portfolio and maintaining the focus on capital and dividend growth.

Eleven new holdings, of which three were large cap companies, were added to the portfolio. The first of these was **Experian**, the global information services company, which has high margins and strong pricing power, meaning this winning business should prove resilient to higher inflationary pressures. We also started a position in **London Stock Exchange Group**, the global financial markets infrastructure and data provider, where there are long-term structural drivers and signs of good operational progress as it integrates the Refinitiv business. The sale of **Rio Tinto** (see below) allowed the purchase of **Anglo American** given its strong ESG characteristics and greater exposure to future-facing commodities (further information may be found on page 94).

There were five mid-cap company introductions. The first was **Drax**, the renewable energy company working with waste wood products, where we see upside potential from BECCS (bioenergy with carbon capture and storage) which now has robust political backing, support from higher UK power prices and an attractive dividend yield. The second mid-cap new entrant was insurer **Hiscox** where we believe the strength of the retail business is underappreciated and the company should benefit from a stronger rate environment. We participated in the IPO of private equity firm **Bridgepoint**, which has an experienced management team and good client relationships. The fourth purchase was **HomeServe**, the home emergency and repair services provider, where we saw the valuation as attractive given the good growth potential in the US as well as a generous dividend yield. The final mid-cap new entrant was a position in the high quality, high end scientific instruments business, **Oxford Instruments**. The business is exposed to high growth markets and the management team have a good track record. The valuation became particularly attractive in light of the withdrawal of the bid from Spectris.

Two overseas holdings were added to the portfolio. The first was **Nordea** which we view as a higher returning bank operating in the Nordic region with an attractive dividend yield. The return of positive interest rates will have a material positive impact on bank profitability, and with a strong capital position this should translate into appealing shareholder distributions. We also started a new position in Singapore-listed **Oversea-Chinese Banking Corp** which provides attractive exposure to Asian banking, wealth management and insurance markets and should be a beneficiary of rising rates. Also, one small cap company was introduced, **Watkin Jones**, a developer with a market-leading position which provides exposure to the attractive build to rent and purpose built student accommodation markets

In addition, we increased exposure to a number of our existing holdings which we believe have high quality characteristics with attractive long term growth prospects including: **Aveva**, **RS Group**, **BP**, **Intermediate Capital**, **Moonpig**, **Rentokil**, **Sage**, and **Unilever**.

We sold fourteen holdings during the Year. Firstly, **LondonMetric**, as we believed that after a period of strong performance, the valuation and dividend yield of the company was no longer compelling. Secondly, the small holding in **Telecom Plus** was exited given the uncertain industry backdrop. Thirdly, the very small holding in **Jackson Financial** shares that were received when the business was demerged from Prudential were sold. In the first half of the Year both **John Laing** and **Sanne** were sold at a pleasing profit following bids. The position in beverage company **Fever-Tree** was exited as persistent earnings downgrades weakened our conviction while the stock was also still valued at a premium rating. The holding of mining company **Rio Tinto** was sold with the proceeds used to purchase a holding in **Anglo American**. Similarly, later in the Year, the position in private equity firm **Bridgepoint** was sold with proceeds reinvested into **Intermediate Capital**. Following the firm offer from Brookfield the position in **HomeServe** was sold, providing an excellent return over a relatively short timeframe. Four holdings with some cyclical exposure, which had become smaller positions in the portfolio after profit taking during the Year, were sold, namely **Bodycote**, **DS Smith**, **Prudential** and **Sirius Real Estate**. Finally, the small position in **Woodside Energy** that was received through the BHP spin-off was sold.

In addition, we took profits in a number of holdings that had performed strongly and where the valuation had started to look less attractive including **AstraZeneca**, **Dechra Pharmaceuticals**, **VAT Group** and **National Grid**.

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. Income from writing options of £2.8m represented 5.5% of total income earned in the 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, capital allocation and M&A activity, and risk management (including issues such as labour management, diversity & inclusion, climate change and environmental issues). 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. The portfolio continues to be independently rated as 'AAA' (the highest level) by MSCI for its ESG characteristics. Further information may be found on page 96.

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 61 holdings with the overseas exposure representing 14.2% of gross assets.

Income

For the Year, the Company witnessed a significant increase in the level of income due to the addition of new dividend-paying holdings, growth in the dividends of existing portfolio companies and a number of special dividends. Six special dividends (from **Kone**, **Rio Tinto**, **Mowi**, **Fever-Tree**, **Anglo American** and **VAT Group**) were included in income from investments and were treated as revenue items. We believe that this recognition is appropriate given that, in each case, the return of cash was from a build-up of profits generated by ongoing operations rather than from a sale of assets.

According to Link Group's most recent UK Dividend Monitor report, UK plc dividends are expected to rise by 2.4% for calendar 2022 (following the 12.5% increase for calendar 2021), with a record pay-out in the second quarter, signalling a swifter recovery from the difficult times experienced during Covid-19. The Company's earnings per share increased by 20.2% from 33.7p to 40.5p. Helped by bumper dividends from mining holdings **Rio Tinto** and **BHP**, earnings per share for the Company surpassed pre-pandemic levels in the Year. We remain confident about the long term income growth potential of the portfolio but income for the year ended 30 June 2023 is unlikely to match the exceptional income for the Year.

Outlook

Looking forward, the outlook is becoming more difficult with a tightening policy backdrop and inflationary challenges coupled with the implications of the Russian invasion of Ukraine, all leading to slower global growth. Despite that there are reasons to be confident in the outlook for the Company. Our focus on quality companies provides protection through a downturn: those companies with pricing power, high margins and strong balance sheets are better placed to navigate a more challenging economic environment and emerge in a strong position. Furthermore, these quality characteristics are helpful in underpinning the portfolio's income generation.

The valuations of UK-listed companies remain attractive on a relative and absolute basis. Moreover, the dividend yield of the UK market remains at an appealing premium both to other regional equity markets and to 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 including **HomeServe** and **Euromoney**. 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; this provides an additional underpin.

In summary, we feel comfortable maintaining our long term focus on investments in high quality companies with robust competitive positions and strong balance sheets, which are led by experienced management teams and are capable of delivering sustainable earnings and dividend growth.

Charles Luke and Iain Pyle
Investment Manager
21 September 2022

Investment Case Studies

London Stock Exchange Group

With a market capitalisation of approximately £46bn, London Stock Exchange Group was purchased for the portfolio during the year. With the acquisition of Refinitiv in 2021 the company has continued its transformation from a traditional exchange towards being a global financial markets infrastructure and data provider. Approximately 70% of revenues now come from providing Data & Analytics services, exposing the group to the structural growth in demand for financial data. A similar portion of group revenues are recurring, subscription-based in nature which provides resilience. We see some areas of the business, for example the clearing house LCH, as having very high barriers to entry. The cash generative nature of the group means that the balance sheet has strengthened quickly following the Refinitiv acquisition. We think that accelerating revenue growth and delivery of revenue and cost synergies will lead to the company being valued as a leading information services company with clear quality characteristics.

Oxford Instruments

Oxford Instruments, the provider of high technology instrumentation products and services to industrial and scientific research communities, was added to the portfolio in the year. The company has an approximate market capitalisation of £1bn. Oxford Instruments is a technological leader in the products it provides and strong commercial leadership has ensured strong customer relationships and high barriers to entry. The company is well diversified by end market, customer type and geographically which helps mitigate volatility and we think its strong pricing power will be helpful in the current environment. The financials of the company are on an improving trajectory with revenue growth aligned to the long-term growth in research and development budgets and expanding margins. The company has a net cash balance sheet and high returns. We added the stock to the portfolio following the withdrawal of a bid for the company from Spectris which created a particularly attractive entry point for the valuation of a company with strong fundamentals and good prospects over the medium to long term.

Performance

Performance (total return, including reinvested dividends)

	1 year return %	3 year return %	5 year return %	10 year return %
Share price[A]	–0.7	+10.8	+29.6	+100.7
Net asset value per Ordinary share[A]	–4.0	+9.6	+22.9	+101.3
Benchmark[B]	+1.6	+7.4	+17.8	+94.6

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 105.
[B] FTSE All-Share Index.
Source: abrdn & Morningstar

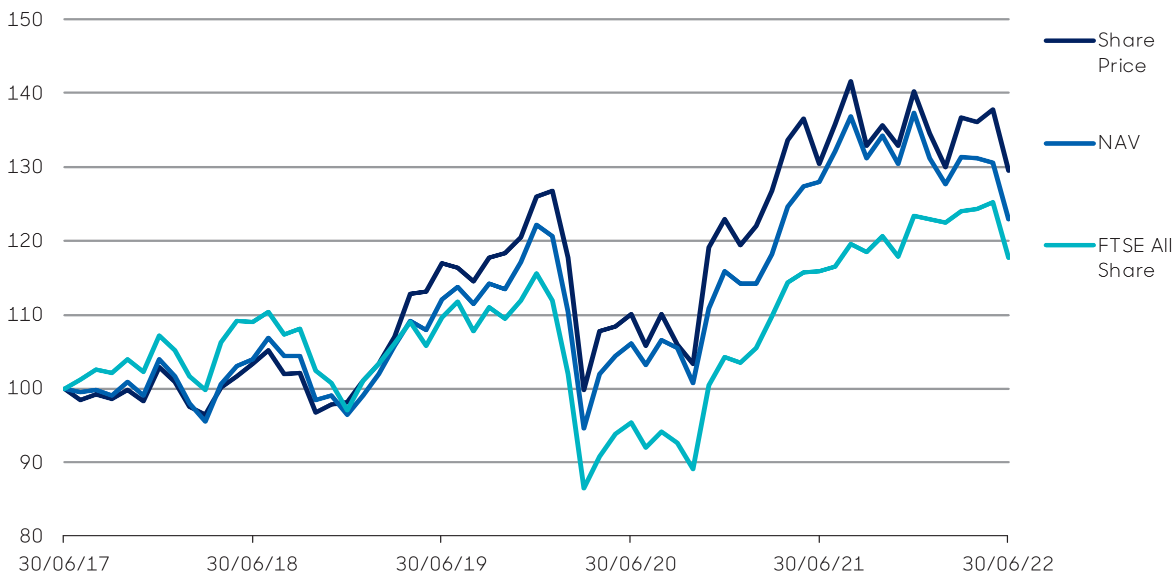
Ten Year Financial Record

Year end 30 June	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Income (£'000)	23,566	23,926	25,476	24,838	26,667	25,987	25,597	22,804	35,979	**51,018**
Shareholders' funds (£'000)	492,878	547,652	515,888	515,036	576,462	570,929	587,150	534,361	1,093,859	**1,009,255**
Per Ordinary share (p)										
Net revenue return	31.1	30.5	33.1	32.0	34.9	33.6	34.9	30.5	33.7	**40.5**
Dividends[A]	30.75	31.25	32.00	32.25	32.75	33.25	34.00	34.25	34.50	**36.00**
Net asset value (capital only)	734.6	805.2	757.1	766.5	860.1	856.3	888.1	808.3	934.6	**864.9**

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

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

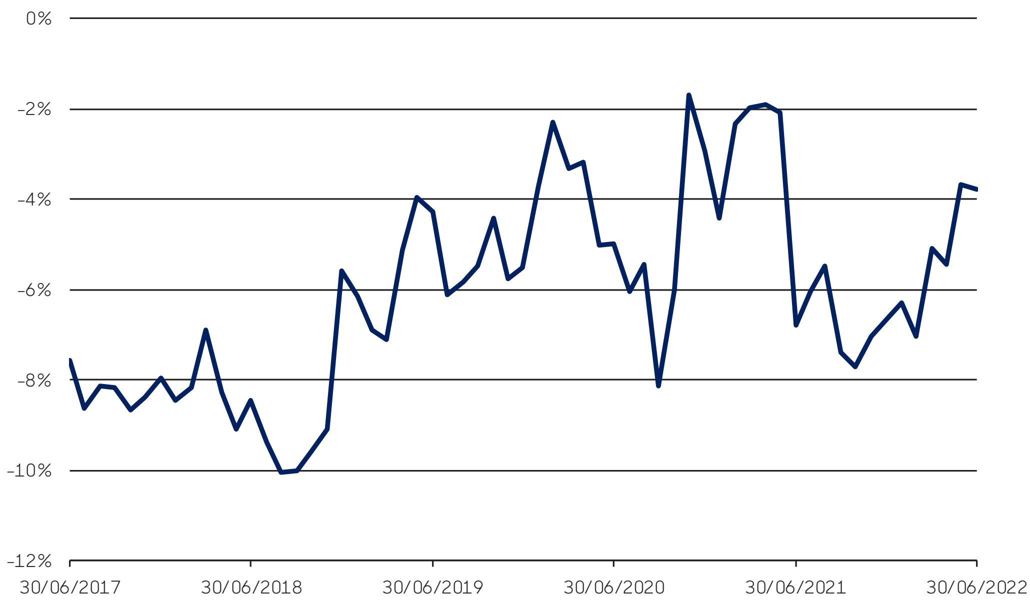
Five years ended 30 June 2022 (rebased to 100 at 30 June 2017)



Source: Morningstar & Lipper

Share Price Discount to NAV with debt at par value

Five years ended 30 June 2022



Source: abrdn & Lipper

Financial Highlights and Dividends

	30 June 2022	30 June 2021	% change
Shareholders' funds (£'000)	**1,009,255**	1,093,859	–7.7
Net asset value per Ordinary share – debt at par	**864.9p**	934.6p	–7.5
Market capitalisation (£'000)	**970,865**	1,019,475	–4.8
Share price of Ordinary share	**832.0p**	871.0p	–4.5
Discount to net asset value on Ordinary shares – debt at par[A]	**3.8%**	6.8%	
Gearing (ratio of borrowing to shareholders' funds)			
Net gearing[A]	**9.4%**	10.3%	
Dividends and earnings			
Revenue return per share	**40.5p**	33.7p	+20.2
Dividends per share[B]	**36.00p**	34.50p	+4.3
Dividend cover[A]	**1.13 times**	0.98 times	
Dividend yield[A]	**4.3%**	4.0%	
Revenue reserves (£'000)			
Prior to payment of fourth interim dividend[C]	**33,491**	26,485	
After payment of fourth interim dividend	**20,363**	15,073	
Operating costs			
Ongoing charges ratio[A]	**0.48%**	0.46%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 103 and 104.
[B] The figures for dividends per share reflect the years in which they were earned (see note 7 on pages 74 and 75).
[C] Per the Statement of Financial Position on page 65.

Dividends

	Rate	XD date	Record date	Payment date
First interim	8.25p	25 Nov 2021	26 Nov 2021	22 Dec 2021
Second interim	8.25p	17 Feb 2022	18 Feb 2022	17 Mar 2022
Third interim	8.25p	19 May 2022	20 May 2022	16 Jun 2022
Fourth interim	11.25p	18 Aug 2022	19 Aug 2022	15 Sep 2022
Total dividends	**36.00p**			

Overview of Strategy

Business Model

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

The Company is governed by a Board of Directors (the "Board"), all of whom are non-executive, and has no employees. The Board is responsible for determining the Company's investment objective and investment policy. Like other investment companies, the day-to-day investment management and administration of the Company is outsourced by the Board to an investment management group, abrdn, and other third party providers. The Company has appointed abrdn Fund Managers Limited (see Glossary on page 106) as its alternative investment fund manager, which has in turn delegated certain responsibilities, including investment management, to the Investment Manager.

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

Investment Objective

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

Investment Policy

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

Delivering the Investment Policy

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

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

Board Investment Limits

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

- the portfolio typically comprises between 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%; and
- the Company may invest no more than 15% of its gross assets in other listed investment companies (including investment trusts).

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

Gearing

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

Key Performance Indicators

At each Board meeting, the Directors consider a number of Key Performance Indicators ("KPIs") to assess the Company's success in achieving its objectives, 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 13.
Share price (total return) *	The Board monitors share price performance relative to open-ended and closed-ended competitor products, taking account of differing investment objectives and policies pursued by those products. The figures for share price (total return) for the Year and for the past three, five and ten years, as well as for the NAV (total return) per share, are shown on page 12. A graph showing share price total return performance against the FTSE All-Share Index over the past five years is shown on page 13.
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 13.
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 Financial Highlights on page 14 in respect of earnings and dividends per share, together with the level of revenue reserves, for the Year and previous year.
Ongoing charges*	The Board monitors the Company's operating costs and their composition with a view to limiting increases wherever possible. Ongoing charges are disclosed on page 14 for the Year and the previous year, and include look through costs.

Principal Risks and Uncertainties

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

Macroeconomic uncertainty has been a significant risk with the second half of the Year particularly affected by the geopolitical uncertainty caused by the Russian invasion of Ukraine. By contrast, the economic and market instability due to Covid-19 gradually receded during the Year although secondary impacts are ongoing. Other than these changes, the Audit Committee does not consider that the principal risks and uncertainties identified have changed during the Year, although impacts and probabilities thereof have changed.

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'.

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

Principal Risk	Mitigating Action
STRATEGIC	
Discount control risk (increased) 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 are not guaranteed to do this. The Board has assessed the discount control risk as elevated due to the discount at which the Company's shares trade widening as compared to the Company's peer group.
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 (increased) 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 geopolitical, economic or market conditions, such as interest rates, exchange rates and rates of inflation, as well as global political events and trends could substantially and adversely affect the prices of securities and, as a consequence, the value of the Company's investment portfolio, its prospects and share price. Current geopolitical risks include the global increase in inflation, the Russian invasion of Ukraine, and the longer term emergence of the effects on investee companies of climate change, and the regulatory environment around this.	The Company's investment policy and its approach to risk diversification may be found on page 15, both of which serve to mitigate the effect of market risk on the portfolio. The Board considers the diversification of the portfolio, asset allocation, stock selection and levels of gearing on a regular basis. The Board also monitors the Company's relative performance as compared to peers and the Company's benchmark. 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, as part of its ESG oversight, to understand how climate change, and environmental factors are being assessed . Both are key considerations within the Manager's investment process (see also pages 93 to 97 for further information on the approach to ESG). During the Year, the Board evaluated market risk as elevated due to the limit on the Company's ability to mitigate the effect of external factors such as the uncertainty caused by the Russian invasion of Ukraine and rising global inflation.

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 pages 37 and 38).	The Board has set investment limits and guidelines. The Board reviews the compliance with these limits. The Company reviews the performance of the Investment 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 Investment Manager and, if required, challenges the Investment 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 in 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 (increased) In common with most other investment companies, the Company relies on the services provided by third parties and is dependent on the control systems of the Manager (who acts as investment manager, company secretary and maintains the Company's assets, dealing procedures and accounting records); BNP Paribas 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 annual update on the Manager's IT resilience. The Company's assets are subject to a strict liability regime and, in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control. The Board has assessed the risk posed by cyber-crime as elevated, despite the available mitigation, reflecting the potential disruption which might be caused to the Company's operations by a cyber-attack.

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 identified as a principal risk and is covered earlier in this section on page 17), 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 18 on pages 81 to 86.
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 Manager, which is available from the Company's website: **murray-income.co.uk**.

Overview of Strategy

Continued

Promotional Activities

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

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

The UK Stewardship Code and Proxy Voting

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

abrdn is a tier 1 signatory of the UK Stewardship Code 2020 which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. While delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports to the Board on a six monthly basis on stewardship (including voting) issues and additional information may be found on pages 96 and 97.

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.

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 16 to 19;
- the relevance of the Company's investment objective;
- the demand for the Company's shares as indicated by the level of premium and/or discount;
- the level of income generated by the Company's portfolio as compared to its expenses;
- the overall liquidity of the Company's investment portfolio;
- the 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 three year £50 million bank loan facility prior to, or at, its maturity in October 2024.

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

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

Performance, Financial Position and Outlook

A review of the Company's activities and performance during the Year, including future developments, is set out in the Chairman's Statement and in the Investment Manager's Review. These cover market background, investment activity, portfolio strategy, dividend policy, gearing and investment outlook. A comprehensive analysis of the portfolio is provided on pages 26 to 31 while the full portfolio of investments is published monthly on the Company's website. The Company's Statement of Financial Position on page 65 shows the assets and liabilities at the year end. Borrowing facilities at the year end comprised a mix of fixed and floating debt: a three year £50 million bank loan, 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 13 and 14 respectively.

The future strategic direction and development of the Company is regularly discussed as part of Board meeting agendas. The Board also considers the Manager's promotional strategy for the Company, including effective communications with shareholders. The Board intends to maintain, for the year ending 30 June 2023, the strategy set out in the Strategic Report as it believes that this is in the best interests of shareholders.

Environmental, Community, Social and Human Rights Issues

The Company has no employees and, accordingly, there are no disclosures to be made in respect of employees. In relation to the investment portfolio, the Board has delegated assessment of these issues to the Investment Manager, responsibility and further information may be found on pages 93 to 97.

Modern Slavery Act

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

Board diversity

At 30 June 2022, there were three male Directors and three female Directors (2021 – four male Directors and three female Directors). Further information on Board diversity may be found in the Directors' Report on pages 38 and 39.

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

Neil Rogan
Chairman
21 September 2022

Promoting the Success of the Company

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

The Purpose of the Company and Role of the Board

The Company has been established as an investment vehicle for the purpose of delivering its investment objective which is set out on 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.

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 43 and 44. In addition, the Chairman and Manager are holding an online shareholder presentation on 2 November 2022, further details of which may be found in the Chairman's Statement on page 5.
Manager	The Investment Manager's Review on pages 7 to 10 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 51. The Board seeks regular assurance that key third party service providers have in place appropriate business continuity plans and which are expected to allow them to maintain service levels in the face of disruption.

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 96 and 97.
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.

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 per share of 36.0p in respect of the Year, representing an increase of 4.3% on the prior year, and the Company's dividend policy to make four equally-spaced payments to shareholders throughout the Year, reflects this.

Share Buy Backs

During the Year the Company bought back 356,015 Ordinary shares to be held in treasury, providing a small accretion to the NAV and a degree of liquidity to the market at times when the discount to the NAV per share had widened during normal market conditions. It is the view of the Board that this policy remains in the best interests of all shareholders.

Renewal of the Bank Loan

The Company's one year £20 million multi-currency unsecured revolving bank credit facility with Scotiabank Europe expired in November 2021.

The Directors considered that it would be beneficial for the Company to be able to access a larger short term borrowing facility following the substantial increase in its size. Accordingly, the Company entered into a new three year £50 million multi-currency unsecured revolving bank credit facility with Bank of Nova Scotia Limited. Alongside the Company's 2027 and 2029 Senior Loan Notes, the Directors consider that this provides the Company with flexible gearing, in the form of shorter and longer term facilities, to enhance long-term total returns to shareholders, where appropriate.

Board Composition

In accordance with the succession plan of the Company for the orderly refreshment of the Board, the Company engaged a search consultant during the Year, which resulted in the appointment of Nandita Sahgal Tully. Further information about the search process and Board diversity may be found in the Directors' Report on pages 38 and 39.

Portfolio

Oxford Instruments, the provider of high technology instrumentation products and services to industrial and scientific research communities (including in atomic force microscopy, pictured), was added to the portfolio during the year. For further information, see the Investment Case Study on page 11.

Ten Largest Investments

As at 30 June 2022

AstraZeneca

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

Diageo

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

Relx

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

TotalEnergies

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

BHP Group

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

SSE

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

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.

Standard Chartered

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

Euromoney Institutional Investor

Euromoney is a global information services provider with services including commodity price benchmarks and analysis, independent research and people intelligence. Revenues are primarily subscription-based. We believe that the company is materially mis-priced for the quality of its assets.

BP

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

Portfolio

As at 30 June 2022

Investment	FTSE All-Share Sector	Country	Valuation 2022 £'000	Total investments %	Valuation 2021 £'000
AstraZeneca	Pharmaceuticals and Biotechnology	UK	69,318	6.3	63,191
Diageo	Beverages	UK	55,310	5.0	58,387
Relx	Media	UK	45,388	4.1	41,956
TotalEnergies	Oil Gas and Coal	France	37,496	3.4	28,330
BHP Group	Industrial Metals and Mining	UK	36,349	3.3	43,653
SSE	Electricity	UK	35,431	3.2	31,672
Unilever	Personal Care Drug and Grocery Stores	UK	34,656	3.2	41,830
Standard Chartered	Banks	UK	29,465	2.7	30,991
Euromoney Institutional Investor	Media	UK	28,356	2.6	21,510
BP	Oil Gas and Coal	UK	27,437	2.5	18,350
Top ten investments			**399,206**	**36.3**	
Anglo American	Industrial Metals and Mining	UK	26,093	2.4	–
National Grid	Gas Water and Multi-utilities	UK	24,423	2.2	32,760
Safestore Holdings	Real Estate Investment Trusts	UK	23,659	2.2	23,467
Inchcape	Industrial Support Services	UK	23,151	2.1	25,599
Coca-Cola HBC	Beverages	UK	23,144	2.1	33,204
Close Brothers	Banks	UK	21,839	2.0	32,310
Novo-Nordisk	Pharmaceuticals and Biotechnology	Denmark	20,888	1.9	16,757
Rentokil Initial	Industrial Support Services	UK	20,624	1.9	18,709
Experian	Industrial Support Services	UK	20,282	1.8	–
GSK	Pharmaceuticals and Biotechnology	UK	20,068	1.8	18,591
Top twenty investments			**623,377**	**56.7**	

Portfolio

Continued

As at 30 June 2022

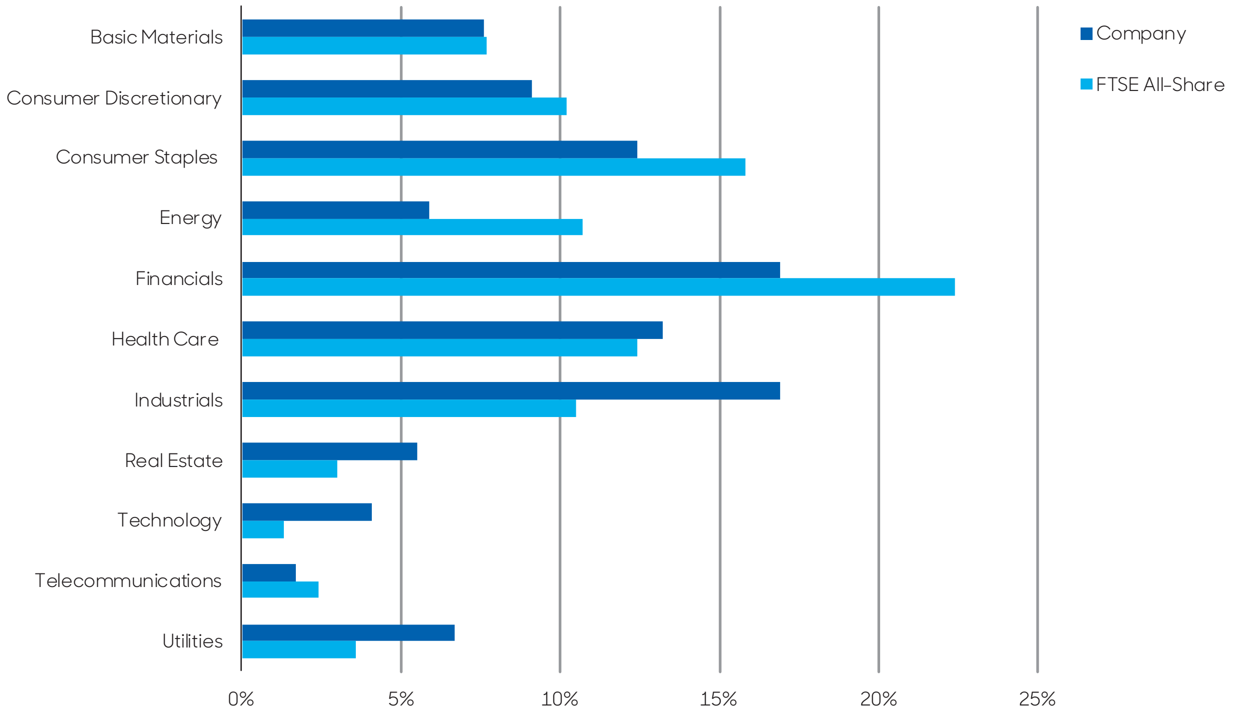
Investment	FTSE All-Share Sector	Country	Valuation 2022 £'000	Total investments %	Valuation 2021 £'000
Aveva	Software and Computer Services	UK	19,733	1.8	28,093
Croda International	Chemicals	UK	18,387	1.7	23,643
London Stock Exchange	Finance and Credit Services	UK	17,862	1.6	–
M&G	Life Insurance	UK	17,707	1.6	20,819
Direct Line Insurance	Non-life Insurance	UK	17,493	1.6	19,807
Convatec	Medical Equipment and Services	UK	17,025	1.6	17,990
Marshalls	Construction and Materials	UK	16,346	1.5	19,096
Howden Joinery	Retailers	UK	15,780	1.4	21,383
Nestlé	Food Producers	Switzerland	15,523	1.4	17,011
Oversea-Chinese Banking Corporation	Banks	Singapore	14,833	1.4	–
Top thirty investments			**794,066**	**72.3**	
OSB	Finance and Credit Services	UK	14,469	1.3	11,718
Nordea Bank	Banks	Sweden	14,075	1.3	–
Drax	Electricity	UK	13,933	1.3	–
Sage Group	Software and Computer Services	UK	13,676	1.2	9,186
Weir Group	Industrial Engineering	UK	13,416	1.2	18,214
Telenor	Telecommunications Service Providers	Norway	12,742	1.2	15,491
Vistry	Household Goods and Home Construction	UK	12,639	1.2	9,943
Microsoft	Software and Computer Services	United States	11,452	1.0	13,310
Unite Group	Real Estate Investment Trusts	UK	11,310	1.0	8,239
Mondi	General Industrials	UK	11,227	1.0	17,801
Top forty investments			**923,005**	**84.0**	

As at 30 June 2022

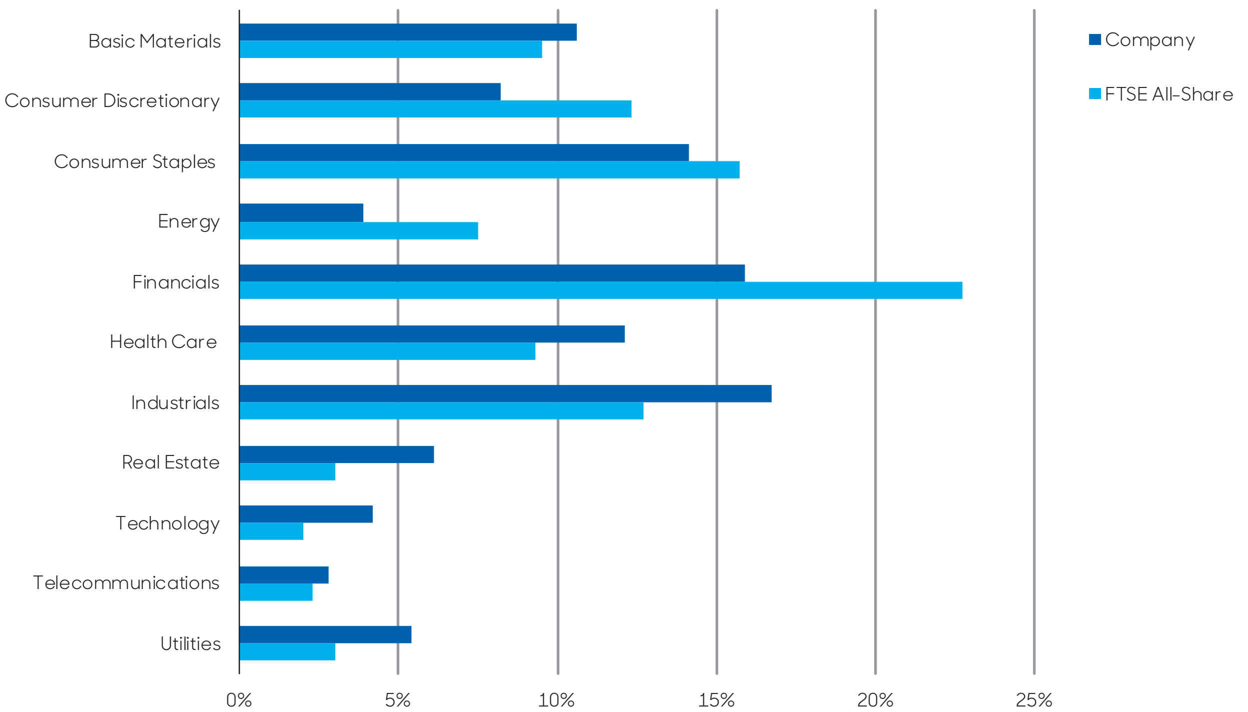
Investment	FTSE All-Share Sector	Country	Valuation 2022 £'000	Total investments %	Valuation 2021 £'000
Countryside Partnerships	Household Goods and Home Construction	UK	11,116	1.0	18,897
Intermediate Capital	Investment Banking and Brokerage Services	UK	10,929	1.0	10,326
Ashmore Group	Investment Banking and Brokerage Services	UK	10,649	1.0	18,485
Assura	Real Estate Investment Trusts	UK	10,467	1.0	14,230
Genuit	Construction and Materials	UK	10,162	0.9	16,280
RS Group	Industrial Support Services	UK	10,027	0.9	–
Kone	Industrial Engineering	Finland	9,047	0.8	13,693
Smith & Nephew	Medical Equipment and Services	UK	8,946	0.8	15,931
Hiscox	Non-life Insurance	UK	8,922	0.8	–
Dechra Pharmaceuticals	Pharmaceuticals and Biotechnology	UK	8,461	0.8	13,229
Top fifty investments			**1,021,731**	**93.0**	
Industrials REIT	Real Estate Investment Trusts	UK	8,098	0.7	6,096
Oxford Instruments	Electronic and Electrical Equipment	UK	7,962	0.7	–
Mowi	Food Producers	Norway	7,840	0.7	7,730
XP Power	Electronic and Electrical Equipment	UK	7,806	0.7	15,283
Watkin Jones	Household Goods and Home Construction	UK	7,733	0.7	–
VAT Group	Electronic and Electrical Equipment	Switzerland	7,486	0.7	13,947
Chesnara	Life Insurance	UK	7,389	0.7	6,993
Moonpig	Retailers	UK	7,278	0.7	6,246
Sirius Real Estate	Real Estate Investment and Services	UK	7,239	0.6	14,380
Accton Technology	Telecommunications Equipment	Taiwan	5,273	0.5	6,859
Top sixty investments			**1,095,835**	**99.7**	
Bodycote	Industrial Metals and Mining	UK	2,958	0.3	14,083
Total investments			**1,098,793**	**100.0**	

Sector Comparison with the Benchmark

Investments held at 30 June 2022 (percentage of portfolio)



Investments held at 30 June 2021 (percentage of portfolio)*

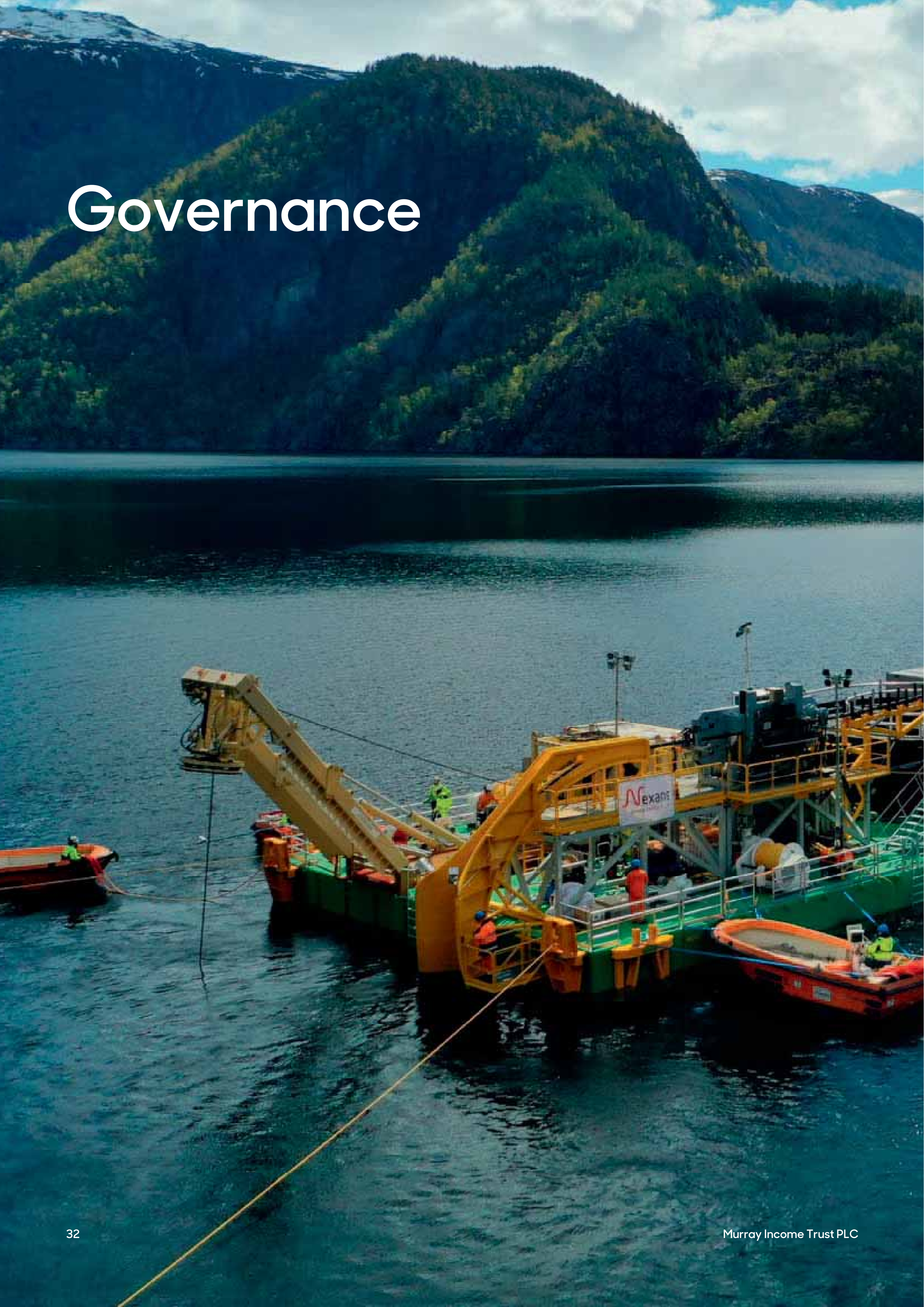


*During the year ended 30 June 2021 FTSE All-Share classification sectors changed substantially as a result of which the above two charts are not directly comparable.

Summary of Investment Changes During the Year

	Valuation 30 June 2021		Transactions	Gains / (losses)	Valuation 30 June 2022	
	£'000	%	£'000	£'000	£'000	%
Equities						
UK	1,069,162	88.9	(37,211)	(89,813)	**942,138**	**85.7**
Denmark	16,757	1.4	(3,109)	7,240	**20,888**	**1.9**
Finland	13,693	1.1	–	(4,646)	**9,047**	**0.8**
France	28,330	2.4	–	9,166	**37,496**	**3.4**
Norway	23,221	1.9	(1,222)	(1,417)	**20,582**	**1.9**
Singapore	–	–	15,178	(345)	**14,833**	**1.4**
Switzerland	30,958	2.6	(8,692)	743	**23,009**	**2.1**
Sweden	–	–	18,288	(4,213)	**14,075**	**1.3**
Taiwan	6,859	0.6	–	(1,586)	**5,273**	**0.5**
United States	13,310	1.1	(2,943)	1,085	**11,452**	**1.0**
Total investments	1,202,290	100.0	(19,711)	(83,786)	**1,098,793**	**100.0**

Governance



National Grid, a portfolio company, is at the heart of transforming an energy system which is innovating to decarbonise the future of energy.

Board of Directors

Neil Rogan

Independent Chairman

Length of service

8 years; appointed Chairman on 6 November 2017

Experience and other public company directorships:

Neil Rogan, who was 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 JPMorgan Global Growth & Income 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.

Peter Tait

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

Length of service

4 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 (Chairman).

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 of investment companies.

Stephanie Eastment

Independent Non-Executive Director and Chair of the Audit Committee

Length of service

4 years; appointed Chair 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 an independent non-executive director and audit chair of Herald Investment Trust plc, Impax Environmental Markets plc and Alternative Income REIT plc, and an independent non-executive director of RBS Collective Investment Funds Limited.

Committee Membership:

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

Contribution:

The Nomination Committee has reviewed the contribution of Stephanie Eastment in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to chair the Audit Committee expertly as well as bringing to the Board her extensive knowledge of the governance of investment companies

Merryn Somerset Webb

Independent Non-Executive Director

Length of service

3 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, including as a columnist for the Financial Times. She is a non-executive director of 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.

Board of Directors

Continued

Alan Giles

Independent Non-Executive Director

Length of service

2 years

Experience and other public company directorships:

Alan Giles was appointed a Director on 17 November 2020 following the Company's combination with Perpetual Income and Growth Investment Trust plc. 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 Perpetual Income and Growth Investment Trust plc 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.

Nandita Sahgal Tully

Independent Non-Executive Director

Length of service

10 months

Experience and other public company directorships:

Nandita Sahgal Tully, who was appointed a Director on 3 November 2021, is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Chartered Institute for Securities and Investment. She is a Managing Director at ThomasLloyd Group, an impact investor focussed on clean energy and ESG.

Committee Membership:

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

Contribution:

The Nomination Committee has reviewed the contribution of Nandita Sahgal Tully in light of her proposed election at the forthcoming AGM and has concluded that she brings to the Board investment management expertise with a particular focus on ESG.

Directors' Report

The Directors present their report and the audited financial statements for the Year.

Results and Dividend Policy

The financial statements for the Year indicate a total loss attributable to equity shareholders for the year of £41,101,000 (2021 – gain of £161,217,000) and an explanation for the Company's financial performance may be found in the Chairman's Statement on pages 4 to 6.

At the AGM on 2 November 2021, shareholders approved a dividend policy to pay four quarterly interim dividends per year. On 4 November 2021, the Company announced a first interim dividend of 8.25p per share to be paid on 22 December 2021, a second interim dividend of 8.25p per share to be paid on 17 March 2022 and a third interim dividend of 8.25p per share to be paid on 16 June 2022.

The Company announced, on 2 August 2022, the payment to shareholders on 15 September 2022 of a fourth interim dividend for the year of 11.25p per share (2021 – 9.75p) with an ex-dividend date of 18 August 2022 and a record date of 19 August 2022. This resulted in total dividends of 36.0 per share for the year ended 30 June 2022, an increase of 4.3% on the 34.5p paid for the prior year, which represented the 49th year of consecutive growth in the Company's annual dividend.

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.

Principal Activity and Status

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

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

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Capital Structure and Voting Rights

At 30 June 2022, the Company had 116,690,472 (2021 – 117,046,487) fully paid Ordinary shares of 25p each with voting rights in issue and an additional 2,839,060 (2021 – 2,483,045) shares in Treasury. During the Year, 356,015 Ordinary shares were bought back into Treasury (2021 – nil).

Since the year end, the Company has bought back a further 230,000 Ordinary shares into treasury. Accordingly, as at the date of this Report, the Company's issued share capital consisted of 116,460,472 Ordinary shares of 25 pence each and 3,069,060 Ordinary shares held in treasury.

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

Manager and Company Secretary

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

Under the management agreement, the Manager 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

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

An annual secretarial fee of £75,000 (plus applicable VAT) is payable to 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 the Investment Manager to cover promotional activities undertaken on behalf of the Company.

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

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

External Agencies

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

Directors

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

Neil Rogan, Stephanie Eastment, Peter Tait, Merryn Somerset Webb and Alan Giles were Directors throughout the Year. Nandita Sahgal Tully was appointed a Director on 3 November 2021. Jean Park and Donald Cameron retired as Directors on 2 November 2021.

Jean Park was Senior Independent Director and Chairman of the Remuneration Committee until her retirement, following which Peter Tait was appointed as her successor. Stephanie Eastment is Chairman of the Audit Committee.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of, and will give due regard to, the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. The Board will take account of the targets set out in the FCA's Listing Rules, which are set out below.

The Board voluntarily discloses the following information in relation to its diversity.

As an externally managed investment company, the Board employs no executive staff, and therefore does not have a chief executive officer (CEO) or a chief financial officer (CFO)- both of which are deemed senior board positions by the FCA. However, the Board considers the Chair of the Audit Committee to be a senior board position and the following disclosure is made on this basis. Other senior board positions recognised by the FCA are chair of the board and senior independent director (SID). In addition, the Board has resolved that the Company's year end date be the most appropriate date for disclosure purposes.

The following information has been provided by each Director. There have been no changes since 30 June 2022.

Board as at 30 June 2022

	Number of board members	Percentage of the board	Number of senior positions on the board
Men	3	50%	2
Women	3	50%	1
Prefer not to say	–	–	–

	Number of board members	Percentage of the board	Number of senior positions on the board
White British or other White (including minority-white groups)	5	83.3%	3
Asian/Asian British	1	16.7%	0
Prefer not to say	–	–	–

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

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

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

The Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. abrdn also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country and its full policy on tax evasion may be found on its website.

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.

Directors' Report

Continued

Corporate Governance

The Company is committed to high standards of corporate governance and its Statement of Corporate Governance is set out on page 45.

Matters Reserved for the Board

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

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to review of quarterly management accounts;
- monitoring requirements such as approval of the Half-Yearly Report and Annual Report and financial statements and approval and recommendation of any dividends;
- setting the range of gearing in which the Manager may operate;
- major changes relating to the Company's structure including share buy-backs and share issuance;
- Board appointments and removals and the related terms;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the Management Agreement relating thereto; and
- London Stock Exchange/Financial Conduct Authority – responsibility for approval of all circulars, listing particulars and other releases concerning matters decided by the Board.

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

Board Committees

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

Audit Committee

The Audit Committee's Report is on pages 50 to 52.

Management Engagement Committee

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

- monitoring and evaluating the performance of the Manager;
- reviewing, at least annually, the continued retention of the Manager;
- reviewing, at least annually, the terms of appointment of the Manager including, but not limited to, the level and methodology of the management fees as well as the notice period of the Manager.

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

In support of the work undertaken by the Management Engagement Committee, the Board engaged Lintstock Limited, an independent firm, to facilitate a review of the Manager. This involved the completion of questionnaires by each Director and the subsequent discussion by the Management Engagement Committee of a summary, prepared by Lintstock Limited, of the key findings. The review covered all services provided to the Company by the Manager including investment management, risk management and internal controls, marketing and investor relations, company secretarial and administration services, and also included consideration as to the appropriateness of the management fee arrangements.

In light of the above, the Directors consider the continuing appointment of the Manager, on the current terms (see pages 37 and 38), to be in the best interests of shareholders because they believe that the Manager has the investment management, promotional and associated secretarial and administrative skills required for the effective operation of the Company.

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

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

During the Year, through the work of the Nomination Committee, the Board engaged an independent firm, Lintstock Limited, to facilitate a review of the Board, its Committees and the performance of individual Directors. The process involved the completion of questionnaires by each Director and the production of a report to the Board by Lintstock Limited summarising the findings of the review. The results of the process were discussed by the Board following its completion, with appropriate action points agreed.

The review of the Chairman was undertaken by the Senior Independent Director.

Following the evaluation process, Lintstock Limited concluded that the Board operates effectively to promote the success of the Company and that each Director makes a significant contribution to the collective Board.

All six Directors will retire, and each being eligible, will seek election or re-election, as applicable, at the AGM on 1 November 2022.

The Directors attended meetings, including a strategy session during the Year as follows (with their eligibility to attend the relevant meetings in brackets). The Board meets more frequently when business needs require;

	Board Meetings (including strategy and Board Committees)	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Neil Rogan[A]	11 (11)	- (-)	2 (2)	4 (4)	2 (2)
Jean Park[B]	6 (6)	1 (1)	1 (1)	2 (2)	1 (1)
Stephanie Eastment	10 (10)	3 (3)	2 (2)	4 (4)	2 (2)
Donald Cameron[B]	5 (5)	1 (1)	1 (1)	2 (2)	1 (1)
Peter Tait	11 (11)	3 (3)	2 (2)	4 (4)	2 (2)
Merryn Somerset Webb	10 (10)	3 (3)	2 (2)	4 (4)	2 (2)
Alan Giles	9 (9)	3 (3)	2 (2)	4 (4)	2 (2)
Nandita Sahgal Tully[C]	2 (2)	1 (1)	1 (1)	1 (1)	1 (1)

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

[B] Resigned as a Director on 2 November 2021.

[C] Appointed as a Director on 3 November 2021.

Policy on Tenure

The Committee has adopted a policy whereby all Directors will stand for re-election at each AGM. In addition Directors, including the 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.

The ninth anniversary of Neil Rogan's appointment as a Director is 26 November 2022.

The other Directors, led by Peter Tait as Senior Independent Director, have determined that it is in the best interests of shareholders that Neil Rogan continue as Chairman in order to oversee the Company's centenary in 2023. Neil Rogan will retire at the conclusion of the Company's AGM in November 2023.

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

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

Accordingly, 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. Nandita Sahgal Tully, being eligible, offers herself for election as a Director of the Company.

Remuneration Committee

The Board has established a Remuneration Committee, comprising all of the Directors, whose Chairman was Jean Park until 2 November 2021 and Peter Tait thereafter. The Directors' Remuneration Report on pages 46 to 49 sets out the responsibilities of the Committee and the work undertaken by the Committee during the Year.

Accountability and Audit

The responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 53, 59 and 60.

The Directors who held office at the date of this Report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and that they have taken all the steps that they could reasonably be expected to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. Further, there have been no important, additional events since the year end which warrant disclosure.

The Directors confirm that no non-audit services were provided by the auditor during the Year and, after reviewing the auditor's procedures in connection with the provision of any such services, remain satisfied that the auditor's objectivity and independence is being safeguarded.

Going Concern

The Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. This conclusion is consistent with the longer term Viability Statement on pages 20 and 21.

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 16 to 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, being at least 12 months from the date of approval of this Annual Report.

Independent Auditor

Shareholders approved the re-appointment of PricewaterhouseCoopers LLP as the Company's auditor at the AGM on 2 November 2021 and resolutions to approve its re-appointment for the Year to 30 June 2023, and to authorise the Directors to determine its remuneration, will be proposed at the forthcoming AGM.

Financial Instruments

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

Relations with suppliers, customers and others

The Directors have regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year; further information on the Company's responsibilities under Section 172 of Companies Act 2006 may be found on pages 22 and 23.

Substantial Interests

As at 30 June 2022 and 31 August 2022 the following interests over 3% in the issued Ordinary share capital of the Company (excluding treasury shares) had been disclosed in accordance with the requirements of the FCA's Guidance and Transparency Disclosure Rules:

	30 June 2022		31 August 2022	
Shareholder	Number of shares held	% held	Number of shares held	% held
Interactive Investor	16,600,467	14.2	16,580,891	14.2
Hargreaves Lansdown	14,031,919	12.0	14,127,176	12.1
abrdn retail plans	12,844,446	11.0	12,825,752	11.0
Rathbones	12,359,696	11.0	12,367,387	10.6
Charles Stanley	3,728,254	3.2	3,673,886	3.2
A J Bell	3,521,980	3.0	3,547,821	3.0

The above interests, as at 31 August 2022, were unchanged as at the date of approval of this Report.

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 abrdn's Customer Services Department (see page 113 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 abrdn) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds, as appropriate, on behalf of the Board.

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

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

The Company will also hold an online presentation for existing and potential shareholders on 2 November 2022. Further information on how to register may be found in the Chairman's Statement on page 5.

Future Developments of the Company

Disclosures relating to the future developments of the Company may be found in the Chairman's Statement on pages 5 and 6.

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.

Annual General Meeting ("AGM")

Among the special business being put at the AGM of the Company to be held on 1 November 2022, the following resolutions will be proposed:

Authority to allot shares and disapply pre-emption rights (Resolutions 12 and 13)

Ordinary resolution No. 12 will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1.5m (equivalent to approximately 5.8m 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 2023 or on 31 December 2023, 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. 13 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 2023 or on 31 December 2023, 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 12 and 13 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 14)

At the AGM held on 2 November 2021, 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. 14 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 2023, or on 31 December 2023, whichever is earlier. This means in effect that the authority will have to be renewed at the next AGM, or earlier, if the authority has been exhausted. No dividends may be paid on any shares held in treasury and no voting rights will attach to such shares. The benefit of the ability to hold treasury shares is that such shares may be sold at short notice. This should give the Company greater flexibility in managing its share capital, and improve liquidity in its shares.

Recommendation

The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings, amounting to 51,666 Ordinary shares, representing 0.04% of the Company's issued share capital (excluding treasury shares) at 30 June 2022.

On behalf of the Board
Neil Rogan
Chairman
21 September 2022

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.

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 can be found in the Annual Report as follows:

- the composition and operation of the Board and its Committees are detailed on pages 40 to 42, and on pages 50 to 52 in respect of the Audit Committee;
- the Board's policy on diversity is on page 21 while information on Board diversity is on pages 38 and 39;
- the Company's approach to internal control and risk management is detailed on pages 50 and 51;
- the contractual arrangements with the Manager are set out on pages 37 and 38 while details of the annual assessment of the Manager may be found on pages 40 and 41;
- the Company's capital structure and voting rights are summarised on page 37;
- the substantial interests disclosed in the Company's shares are listed on page 43;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 46. There are no agreements between the Company and its Directors concerning compensation for loss of office; and
- 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 pages 43 and 44.

By order of the Board
Aberdeen Asset Management PLC Secretaries
1 George Street
Edinburgh
EH2 2LL
21 September 2022

Directors' Remuneration Report

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

a) a Remuneration Policy, which is subject to a binding shareholder vote every three years – 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;

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

c) 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 54 to 61.

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

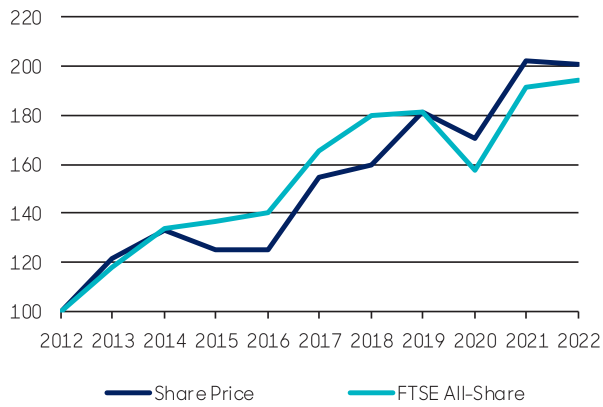
	30 June 2022 £	30 June 2021 £
Chairman	**40,200**	37,500
Chairman of Audit Committee	**33,500**	30,000
Senior Independent Director	**29,500**	25,500
Director	**26,800**	25,500

Directors' fees were last revised on 1 July 2021. 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 2021, 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 2022, to £41,200 for the Chairman, £34,300 for the Audit Committee Chairman, £30,200 for the Senior Independent Director and £27,500 for the other Directors.

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

Company Performance

The graph shows the share price total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the ten year period ended 30 June 2022 (rebased to 100 at 30 June 2012). 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 2 November 2021, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 June 2021 and the following proxy votes received on the relevant resolution were: For – 46,680,614 (99.5%); Discretionary – 54,105 votes (0.1%); Against – 195,358 votes (0.4%); and Withheld – 154,937 votes.

Audited Information

Directors' Remuneration

The Directors received the following remuneration in the form of fees and taxable expenses:

	Year ended 30 June 2022			Year ended 30 June 2021		
	Fees £	Taxable Expenses £	Total £	Fees £	Taxable Expenses £	Total £
Neil Rogan	**40,200**	**1,245**	**41,445**	37,500	–	37,500
Stephanie Eastment	**33,500**	**452**	**33,952**	30,000	–	30,000
Peter Tait (appointed SID on 2 November 2021)	**28,592**	**763**	**29,355**	25,500	–	25,500
Merryn Somerset Webb	**26,800**	**463**	**27,263**	25,500	–	25,500
Alan Giles (appointed on 17 November 2020)	**26,800**	**576**	**27,376**	15,867	–	15,867
Nandita Sahgal Tully (appointed on 3 November 2021)	**17,718**	**–**	**17,718**	n/a	–	n/a
Jean Park (resigned on 2 November 2021)	**9,997**	**128**	**10,125**	25,500	–	25,500
Donald Cameron (resigned on 2 November 2021)	**9,082**	**484**	**9,566**	25,500	–	25,500
Richard Laing (appointed on 17 November 2020 and resigned on 1 April 2021)	**n/a**	**n/a**	**n/a**	9,562	–	9,562
Georgina Field (appointed on 17 November 2020 and resigned on 19 February 2021)	**n/a**	**n/a**	**n/a**	6,001	–	6,001
Total	**192,689**	**4,111**	**196,800**	200,930	–	200,930

Taxable expenses refer to amounts claimed by Directors for travelling to attend meetings. The above amounts exclude any employers' national insurance contributions, if applicable. Due to Covid-19, there were no taxable expenses claimed by Directors in the year ended 30 June 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 payments were made to third parties. There are no other fees to disclose as the Company has no employees, chief executive or executive directors.

Annual Percentage Change in Directors' Remuneration

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

	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020
	Fees %	Fees %	Fees %
Neil Rogan	**7.2**	**0.0**	0.0
Stephanie Eastment	**11.7**	**0.0**	14.3
Peter Tait (appointed SID on 2 November 2021)	**12.1**	**0.0**	0.0
Merryn Somerset Webb	**5.1**	**11.0** [B]	See note [A]
Alan Giles (appointed on 17 November 2020)	**68.9** [B]	**See note** [A]	n/a

	Year ended 30 June 2022	Year ended 30 June 2021	Year ended 30 June 2020
	Fees %	Fees %	Fees %
Nandita Sahgal Tully (appointed on 3 November 2021)	**See note [A]**	**n/a**	n/a
Jean Park (resigned on 2 November 2021)	**(60.8) [C]**	0.0	(5.8)
Donald Cameron (resigned on 2 November 2021)	**(64.4) [C]**	0.0	0.0

[A] Percentage change figure cannot be calculated in the year of appointment.
[B] If the Director had been appointed for the whole of the previous year, the annual change figure would have been nil for Merryn Somerset Webb and 5.1% for Alan Giles
[C] The percentage figure for the year ended 30 June 2022 represents a period of less than 12 months.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. However, for ease of reference, the total fees paid to Directors are shown in the table on page 47 while dividends paid to shareholders are set out in note 7 and share buybacks are detailed in note 15.

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 2022, and 30 June 2021, had no interest in the share capital of the Company other than those interests shown below, all of which are beneficial interests, unless indicated otherwise:

Director	30 June 2022 Ord 25p	30 June 2021 Ord 25p
Neil Rogan	**37,157**	35,000
Stephanie Eastment	**4,500 [A]**	4,500 [A]
Peter Tait	**5,000**	5,000
Merryn Somerset Webb	**3,449**	3,449
Alan Giles	**5,000**	2,977
Nandita Sahgal Tully	**560**	–
Jean Park	**5,575 [B]**	5,575
Donald Cameron	**1,691 [B]**	1,691
Georgina Field [C]	**n/a**	n/a
Richard Laing	**2,977 [D]**	2,977

[A] Of which 1,700 shares were held non-beneficially
[B] As at date of resignation on 2 November 2021
[C] As at date of resignation on 10 February 2021
[D] As at date of resignation on 1 April 2021

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

Annual Statement

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

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

On behalf of the Board
Peter Tait
Chairman of the Remuneration Committee
21 September 2022

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 committee by invitation of the Chair.

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

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

Role of the Audit Committee

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

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (see "Internal Controls and Risk Management", below);
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the external auditor to review their proposed audit programme of work and the findings as auditor
- to develop and implement a policy on the engagement of the auditor to supply non-audit services;
- to review a statement from the Manager detailing the arrangements in place for the Manager's staff, in confidence, to escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to oversee and manage audit tenders and selection processes, to make recommendations to the Board in relation to the appointment of the auditor and removal of the auditor and to approve the remuneration and terms of engagement of the auditor;
- to monitor and review annually the auditor's independence, objectivity, effectiveness, resources and qualification; and
- to investigate the reasons giving rise to any resignation of the auditor and consider whether any action is required.

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

Internal Controls and Risk Management

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

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

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

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 16 to 19 of this Report.

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

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course, the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers and the committee reviews, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations; in particular, the Board receives equivalent assurance from Link Group, the Company's Registrar; and
- at its September 2022 meeting, the committee carried out its annual assessment of internal controls for the Year including the internal audit and compliance functions, and taking account of events since 30 June 2022.

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.

Review of Risk Management and Internal Controls

During the Year, the committee appointed a sub-committee to review the Company's Risk Management and Internal Controls. This review resulted in:

- a revision of the impact and probability criteria to assess risks;
- the introduction of pre- and post-mitigation Risk Heat Maps and trend reporting for risks;
- update of the Company's Risk Register; and
- clear alignment between the top risks identified and the principal risks and uncertainties shown on pages 16 to 19.

Significant Risks for the Audit Committee

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

Valuation and Existence of Investments

How the risk was addressed

The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 2 (f) 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 Trust Corporation UK Limited) during the Year 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.

Audit Committee's Report

Continued

Income Recognition

How the risk was addressed

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

Internal Auditor

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

External Auditor

Review of the Auditor

The committee has reviewed the effectiveness of the auditor including:

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

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

Re-appointment of the Auditor

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

Shareholders will have the opportunity to vote on the re-appointment of PricewaterhouseCoopers LLP as auditor, and to authorise the committee to approve the auditor's remuneration, as Ordinary Resolutions 10 and 11 at the AGM on 1 November 2022.

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 (2021 - nil). The committee confirms that it has complied with Part 5.1 of the Competitions and Market Authority's Order 2014.

FRC Review of the Company's Annual Report for the Year Ended 30 June 2021

In February 2022, correspondence was received from the FRC's Corporate Reporting Review Team (the "FRC Review Team") following their review of the Company's Annual Report for the year ended 30 June 2021. The FRC's review was limited to the 30 June 2021 Annual Report, as published, and the FRC Review Team did not benefit from detailed knowledge of the Company's business or an understanding of the underlying transactions entered into. However, it was conducted by staff who have an understanding of the relevant legal and accounting framework.

The FRC Review Team asked for further information in relation to the cash inflows associated with the purchase of assets from Perpetual Income and Growth Investment Trust plc. Further details of this are set out in Note 2(b) on page 68.

In addition, the Company was advised of two other areas where enhancements could be made to the Company's 2022 annual report if deemed to be material and of relevance to the Company's financial reporting. As a result, the frequency of net asset values used in the denomination of the calculation of ongoing charges, which was daily, has been added to the disclosure of this alternative performance measure on page 104.

Stephanie Eastment,
Chairman of the Audit Committee
21 September 2022

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
21 September 2022

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 2022 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 2022; 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 abrdn Fund Managers Limited (the "AIFM") to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM and BNP Paribas Securities Services (the "Administrator") 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 and the Administrator 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.

Materiality

- Overall materiality: £10,092,000 (2021: £10,930,000) based on approximately 1% of Net assets.
- Performance materiality: £7,569,000 (2021: £8,197,500).

The scope of our audit

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

Key audit matters

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

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

Consideration of impacts of COVID-19 and Accounting applied on initial recognition of the acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc, which were key audit matters last year, are no longer included because of reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover and the one off nature of the prior year acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc, respectively. 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 52 (Audit Committee's Report), page 69 (Accounting Policies) and page 72 (Notes to the Financial Statements).	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.
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	We understood and assessed the design and implementation of key controls surrounding income recognition. The gains and losses on investments held at fair value comprise realised and unrealised gains and losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end (see Valuation and existence of listed investments Key Audit Matter), together with testing of the reconciliation of opening and closing investments and agreeing the year end holdings to independent confirmation. For realised gains and losses, we

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

Continued

Key audit matter	How our audit addressed the key audit matter
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").	tested a sample of disposal proceeds by agreeing the proceeds to bank statements. 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 the 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 51 (Audit Committee's Report), page 70 (Accounting Policies) and pages 76 and 77 (Notes to the Financial Statements). The investment portfolio at 30 June 2022 comprised listed equity investments of £1,099 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 to an independent confirmation from the Depositary, BNP Paribas Securities Services as at 30 June 2022. No material misstatements were identified from this testing.

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.

In planning our audit, we made enquiries of the Directors to understand the extent of the potential impact of climate change risk on the Company's financial statements.

The Directors concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio is made up of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities.

We also considered the consistency of the Climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

Materiality

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

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

Overall Company materiality	£10,092,000 (2021: £10,930,000).
How we determined it	Approximately 1% of Net assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £7,569,000 (2021: £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 £504,600 (2021: £546,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats, including the ongoing impact of COVID-19, rising inflation, Russia's Invasion of Ukraine, and the subsequent economic uncertainty;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in Net Asset Value (NAV) as a result of market performance on the ongoing ability of the Company to operate.

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

Continued

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 2022 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.

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.

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

Continued

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, in particular any material or revenue-impacting manual journal entries posted as part of the Annual Report preparation process; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. 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.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 5 November 2019 to audit the financial statements for the year ended 30 June 2020 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 30 June 2020 to 30 June 2022.

Gillian Alexander (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
21 September 2022

Financial Statements

Unilever, a portfolio company, operates under 400+ brands that are household names across 190+ countries.

Statement of Comprehensive Income

		Year ended 30 June 2022			Year ended 30 June 2021		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	–	(83,786)	(83,786)	–	131,260	131,260
Currency (losses)/gains		–	(216)	(216)	–	62	62
Income	3	51,018	–	51,018	35,979	–	35,979
Investment management fees	4	(1,199)	(2,798)	(3,997)	(753)	(1,759)	(2,512)
Administrative expenses	5	(1,350)	–	(1,350)	(1,443)	–	(1,443)
Net return before finance costs and tax		48,469	(86,800)	(38,331)	33,783	129,563	163,346
Finance costs	6	(692)	(1,615)	(2,307)	(560)	(1,282)	(1,842)
Net return before tax		47,777	(88,415)	(40,638)	33,223	128,281	161,504
Taxation	8	(463)	–	(463)	(287)	–	(287)
Net return after tax		47,314	(88,415)	(41,101)	32,936	128,281	161,217
Return per Ordinary share	9	40.5p	(75.7)p	(35.2)p	33.7p	131.4p	165.1p

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 2022 £'000	As at 30 June 2021 £'000
Fixed assets			
Investments at fair value through profit or loss	10	**1,098,793**	1,202,290
Current assets			
Other debtors and receivables	11	**9,061**	8,345
Cash and cash equivalents	12	**20,131**	4,493
		29,192	12,838
Creditors: amounts falling due within one year			
Other payables		**(1,513)**	(2,749)
Bank loans		**(6,507)**	(6,241)
	13	**(8,020)**	(8,990)
Net current assets		**21,172**	3,848
Total assets less current liabilities		**1,119,965**	1,206,138
Creditors: amounts falling due after more than one year			
2.51% Senior Loan Notes		**(39,930)**	(39,918)
4.37% Senior Loan Notes		**(70,780)**	(72,361)
	14	**(110,710)**	(112,279)
Net assets		**1,009,255**	1,093,859
Capital and reserves			
Share capital	15	**29,882**	29,882
Share premium account		**438,213**	438,213
Capital redemption reserve		**4,997**	4,997
Capital reserve		**502,672**	594,282
Revenue reserve		**33,491**	26,485
Total Shareholders' funds		**1,009,255**	1,093,859
Net asset value per Ordinary share	16		
Debt at par value		**864.9p**	934.6p

The financial statements were approved by the Board of Directors and authorised for issue on 21 September 2022 and were signed on its behalf by:

Neil Rogan
Chairman

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

Statement of Changes in Equity

For the year ended 30 June 2022

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2021		29,882	438,213	4,997	594,282	26,485	1,093,859
Net (loss)/return after tax		–	–	–	(88,415)	47,314	(41,101)
Buyback of Ordinary shares for treasury	15	–	–	–	(3,195)	–	(3,195)
Dividends paid	7	–	–	–	–	(40,308)	(40,308)
Balance at 30 June 2022		29,882	438,213	4,997	502,672	33,491	1,009,255

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		12,734	414,486	–	–	–	427,220
Cost of shares issued in respect of the PLI transaction		–	(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

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

Statement of Cash Flows

	Notes	Year ended 30 June 2022 £'000	*Restated Year ended 30 June 2021 £'000
Operating activities			
Net (loss)/return before finance costs and taxation		**(38,331)**	163,346
(Decrease)/increase in accrued expenses		**(80)**	209
Overseas withholding tax		**(1,360)**	(943)
Dividend income	3	**(48,158)**	(33,368)
Dividends received		**47,888**	31,894
Interest income	3	**(39)**	(1)
Interest received		**20**	1
Interest paid		**(2,272)**	(1,455)
Losses/(gains) on investments	10	**83,786**	(131,260)
Amortisation on Loan Notes	6	**(1,569)**	(969)
Foreign exchange losses/(gains)		**216**	(62)
Decrease/(increase) in other debtors		**46**	(100)
Stock dividends included in investment income	3	**(3,728)**	(1,699)
Net cash inflow from operating activities		**36,419**	25,593
Investing activities			
Purchases of investments		**(238,613)**	(199,801)
Sales of investments		**261,285**	153,910
Costs associated with the PLI transaction		**–**	(2,519)
Net cash inflow/(outflow) from investing activities		**22,672**	(48,410)
Financing activities			
Dividends paid	7	**(40,308)**	(28,646)
Buyback of Ordinary shares for treasury		**(3,195)**	–
Cost of shares issued in respect of the PLI transaction		**–**	(293)
Net cash acquired and received following the PLI transaction	20	**–**	40,248
Repayment of bank loans		**(6,290)**	(513)
Draw down of bank loans		**6,258**	507
Net cash (outflow)/inflow from financing activities		**(43,535)**	11,303
Increase/(decrease) in cash		**15,556**	(11,514)
Analysis of changes in cash during the year			
Opening balance		**4,493**	16,365
Effect of exchange rate fluctuations on cash held		**82**	(358)
Increase/(decrease) in cash as above		**15,556**	(11,514)
Closing balance		**20,131**	4,493
Represented by:			
Cash at bank and in hand		1,503	4,493
Money market funds		18,628	–
		20,131	**4,493**

* 2021 restated to move a £40,248,000 cash inflow from investing activities to financing activities; further details are set out in Note 2(b) on page 68.

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

Notes to the Financial Statements

For the year ended 30 June 2022

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 16 to 19, including the Russian invasion of Ukraine, the ongoing disruption caused by the pandemic and macroeconomic pressures, and have reviewed forecasts detailing revenue and liabilities. Notwithstanding the continuing uncertain economic outlook, the Directors are satisfied that: the Company has adequate resources to continue in operational existence for the foreseeable future being 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) Restatement of 2021 Statement of Cash Flows

In February 2022, correspondence was received from the FRC's Corporate Reporting Review Team which had reviewed the Company's annual report for the year ended 30 June 2021. The FRC asked for further information in relation to the cash inflows associated with the purchase of assets, including cash and cash equivalents, from Perpetual Income and Growth Investment Trust plc ("PLI"). The FRC queried the basis for classifying the cash inflow of £40,248,000 associated with the PLI transaction as an investing activity rather than as a financing activity.

The Board originally assessed the classification of the cash received in the context of the wider PLI transaction and determined that the substance of the transaction was the purchase of a pool of investment assets in exchange for non-cash consideration. The cash inflow was therefore classified as an investing activity within the Statement of Cash Flows.

The Board considers that there are merits in disclosing the £40,248,000 cash inflow as either an investing activity or as a financing activity based on the nature of the PLI transaction. However, after consideration, on balance the Board has judged that the cash inflow will be restated as a financing activity pursuant to the issuance of shares and the assumption of debt in the Statement of Cash Flows in the Company's annual report for the year ended 30 June 2022. Consequently, for the year ended 30 June 2021 the Company's net cash outflow from investing activities has been restated from £8,162,000 to £48,410,000 while net cash outflow from financing activities of £28,945,000 has been restated to net cash inflow from financing activities of £11,303,000. This change in presentation has no impact on the Company's net assets or Statement of Comprehensive Income.

(c) 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.

(d) 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.

(e) 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.

Notes to the Financial Statements

Continued

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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 (losses)/gains on investments where these are readily convertible to cash. The amount of the capital reserve that is distributable is complex to determine and is not necessarily the full amount of the reserve as disclosed within these financial statements of £502,672,000 as at 30 June 2022 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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 made a judgement in the prior year that the acquisition of assets and liabilities from Perpetual Income and Growth Investment Trust plc outlined in Note 20 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.

Notes to the Financial Statements

Continued

3. Income

	2022 £'000	2021 £'000
Income from investments		
UK dividends (all listed):		
– ordinary	**32,710**	24,539
– special	**1,676**	1,251
Property income dividends	**1,153**	1,007
Overseas dividends (all listed)		
– ordinary	**8,731**	4,773
– special	**160**	99
Stock dividends	**3,728**	1,699
	48,158	33,368
Other income		
Deposit interest	**7**	1
Money Market interest	**32**	–
Traded option premiums	**2,820**	2,504
Compensation payments	**1**	106
	2,860	2,611
Total income	**51,018**	35,979

All special dividends for the year of £1,836,000 (2021 – £1,350,000) have been recognised as being revenue in nature.

During the year, the Company received premiums totalling £2,820,000 (2021 – £2,504,000) in exchange for entering into derivative transactions. At the year end there were no open positions (2021 – none).

Other income in the year ended 30 June 2021 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.

4. Investment management fees

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	**1,199**	**2,798**	**3,997**	753	1,759	2,512

The management fee is based on 0.55% per annum for net assets up to £350 million, 0.45% per annum on the next £100 million of net assets and 0.25% per annum for net assets over £450 million, calculated and payable monthly. The fee has been allocated 30% to revenue and 70% to capital. The management agreement is terminable on three months' notice. The fee payable to the Manager at the year end was £642,000 (2021 – £584,000).

In the prior year, the Manager 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 (2021 – none).

5. Administrative expenses

	2022 £'000	2021 £'000
Shareholders' services[A,D]	**400**	507
Directors' remuneration[B]	**193**	201
Secretarial fees[C,D]	**75**	90
Registrars fees[D]	**110**	128
Depositary fees[D]	**96**	100
HMRC penalty[E]	**–**	91
Custody fees	**60**	49
Printing and postage	**34**	60
Auditors' remuneration[D]:		
– fees payable to the Company's auditors for the audit of the Company's annual financial statements	**42**	38
Legal and professional fees [D]	**51**	59
Irrecoverable VAT for the current year[D]	**98**	–
Irrecoverable VAT for the previous year[D]	**28**	–
Other expenses[D]	**163**	120
	1,350	1,443

[A] Includes savings scheme and other wrapper administration and promotion expenses, paid to the Manager under a delegation agreement with the Manager to cover promotional activities during the year. There was £100,000 (2021 – £120,000) due to the Manager in respect of these promotional activities at the year end.
[B] Refer to the Directors' Remuneration section of the Directors' Remuneration Report on page 48 for further details.
[C] Payable to the Manager, balance outstanding of £19,000 (2021 – £23,000) at the year end.
[D] The Company was granted VAT registered status on 18 March 2022, backdated to 1 January 2021. As a result the above current year expenses, where applicable, are disclosed net of VAT. All of the prior year expenses above includes irrecoverable VAT where applicable with the exception of Auditors' remuneration for the statutory audit.
[E] 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 ended 30 June 2021.

6. Finance costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdraft interest	**75**	**175**	**250**	43	98	141
2.51% Senior Loan Note	**301**	**703**	**1,004**	301	703	1,004
4.37% Senior Loan Note	**787**	**1,835**	**2,622**	497	1,159	1,656
Interest payable to HMRC	**–**	**–**	**–**	10	–	10
Amortisation of 2.51% Senior Loan Note issue expenses	**3**	**9**	**12**	4	10	14
Amortisation of 4.37% Senior Loan Note	**(474)**	**(1,107)**	**(1,581)**	(295)	(688)	(983)
	692	**1,615**	**2,307**	560	1,282	1,842

The 4.37% Senior Loan Notes, with a par value £60,000,000, were novated to the Company following the transaction with Perpetual Income and Growth Investment Trust plc (note 20) during the year ended 30 June 2021. They were novated at fair value of £73,344,000 and are being 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 ended 30 June 2021.

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

	2022		2021	
	Rate	£'000	Rate	£'000
Fourth interim dividend previous year	**9.75p**	**11,412**	9.50p	6,280
First interim dividend current year	**8.25p**	**9,641**	12.55p	8,297
Second interim dividend current year	**8.25p**	**9,628**	3.95p	4,623
Third interim dividend current year	**8.25p**	**9,627**	8.25p	9,656
Return of unclaimed dividends		**–**		(210)
		40,308		28,646

The fourth interim dividend for 2022 of 11.25p per Ordinary share has not been included as a liability in these financial statements as it was not paid until after the reporting date (15 September 2022).

The following table sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £47,316,000 (2021 – £32,936,000).

	2022		2021	
	Rate	£'000	Rate	£'000
Three interim dividends of 8.25p each (2021: 12.55p, 3.95p and 8.25p)	**24.75p**	**28,896**	24.75p	22,576
Fourth interim dividend	**11.25p**	**13,128**	9.75p	11,412
	36.00p	**42,024**	34.50p	33,988

8. Taxation

		2022			2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a)	**Analysis of charge for the year**						
	Overseas tax incurred	**1,961**	**–**	**1,961**	1,102	–	1,102
	Overseas tax reclaimable	**(1,498)**	**–**	**(1,498)**	(815)	–	(815)
	Total tax charge for the year	**463**	**–**	**463**	287	–	287

(b) Factors affecting the tax charge for the year. The UK corporation tax rate is 19% (2021 – 19%). The tax charge for the year is lower than the corporation tax rate (2021 – lower). The differences are explained below:

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	**47,777**	**(88,415)**	**(40,638)**	33,223	128,281	161,504
Net return multiplied by the standard rate of corporation tax of 19% (2021 – 19%)	**9,078**	**(16,799)**	**(7,721)**	6,312	24,373	30,685
Effects of:						
Non-taxable UK dividends	**(6,305)**	**–**	**(6,305)**	(5,091)	–	(5,091)
Non-taxable overseas dividends	**(2,553)**	**–**	**(2,553)**	(1,011)	–	(1,011)
Expenses not deductible for tax purposes	**56**	**–**	**56**	19	–	19
Movement in unutilised management expenses	**(276)**	**839**	**563**	(229)	578	349
Realised and unrealised losses/(gains) on investments held	**–**	**15,919**	**15,919**	–	(24,939)	(24,939)
Currency movements not taxable	**–**	**41**	**41**	–	(12)	(12)
Overseas tax payable	**463**	**–**	**463**	287	–	287
Total tax charge	**463**	**–**	**463**	287	–	287

Notes to the Financial Statements

Continued

(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 £71,665,000 (2021 – £68,702,000). A deferred tax asset at the standard rate of corporation of 25% (2021 – 25%) of £17,916,000 (2021 – £17,176,000) 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 £17,916,000.

9. Return per Ordinary share

	2022		2021	
	£'000	p	£'000	p
Returns are based on the following figures:				
Revenue return	**47,314**	**40.5**	32,936	33.7
Capital return	**(88,415)**	**(75.7)**	128,281	131.4
Total return	**(41,101)**	**(35.2)**	161,217	165.1
Weighted average number of Ordinary shares in issue		**116,831,407**		97,648,914

10. Investments at fair value through profit or loss

	2022 £'000	2021 £'000
Opening book cost	**995,661**	461,306
Opening investment holdings gains	**206,629**	99,901
Opening fair value	**1,202,290**	561,207
Analysis of transactions made during the year		
Assets acquired in respect of PLI transaction	**–**	459,361
Costs associated with the PLI transaction	**–**	2,519
Purchases at cost	**241,150**	202,157
Sales proceeds received	**(260,861)**	(154,214)
(Losses)/gains on investments	**(83,786)**	131,260
Closing fair value	**1,098,793**	1,202,290

	2022 £'000	2021 £'000
Closing book cost	**1,017,087**	995,661
Closing investment gains	**81,706**	206,629
Closing fair value	**1,098,793**	1,202,290

Losses/(gains) on investments	**2022 £'000**	**2021 £'000**
Costs associated with the PLI transaction	**–**	(2,519)
Realised gains on sale of investments at fair value[A]	**41,137**	27,051
Net movement in investment holdings gains	**(124,923)**	106,728
	(83,786)	131,260

[A] Includes losses on the exercise of £nil (2021 – £78,000).

The Company received £260,861,000 (2021 – £154,214,000) from investments sold in the year. The book cost of these investments when they were purchased was £219,724,000 (2021 – £127,085,000). These investments have been revalued over time and until they were sold any unrealised gains/(losses) were included in the fair value of the investments.

The Company may write and purchase both exchange traded and over the counter derivative contracts as part of its investment policy. The Company pledges collateral greater than the market value of the traded options in accordance with standard commercial practice. At 30 June 2022 there were no shares pledged as part of the option underwriting programme (30 June 2021 – none). The liability of collateral held at the year end was £nil as no open positions existed (30 June 2021 – £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:

	2022 £'000	**2021 £'000**
Purchases	**885**	909
Costs associated with the PLI transaction	**–**	2,519
Sales	**146**	77
	1,031	3,505

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

11. Other debtors and receivables

	2022 £'000	2021 £'000
Amounts due from brokers	**2,490**	2,914
Accrued income	**2,685**	2,415
Taxation recoverable	**3,844**	2,899
Prepayments	**42**	117
	9,061	8,345

12. Cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	**1,503**	4,493
Money market funds	**18,628**	–
	20,131	4,493

The Company holds £18,628,000 (2021 – £nil) in Aberdeen Standard Liquidity Fund (Lux) – Sterling Fund which is managed and administered by abrdn.

13. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Other creditors	**1,513**	1,558
Amounts due to brokers	**–**	1,191
Bank loans	**6,507**	6,241
	8,020	8,990

The Company's one year £20 million multi-currency unsecured revolving bank credit facility with Scotiabank Europe expired on 3 November 2021. The Company entered into a new three year £50 million multi-currency unsecured revolving bank credit facility with Bank of Nova Scotia Limited, committed until 27 October 2024. Under the terms of the agreement, advances from the facility may be made for periods of up to six months or for such longer periods agreed by the lender.

As at 30 June 2022, the Company had drawn down the following amounts from the facility, all with a maturity date of 27 July 2022 (2021 – 7 July 2021):

	2022		2021	
	Currency	£'000	Currency	£'000
Swiss Franc at an all-in rate of 1.35% (2021: 0.95%)	**2,500,000**	**2,150**	2,500,000	1,958
Euro at an all-in rate of 1.15% (2021: 0.95%)	**2,326,000**	**2,002**	2,326,000	1,997
Norwegian Krone at an all-in rate of 2.59% (2021: 1.13%)	**13,145,000**	**1,096**	13,145,000	1,106
Danish Krona at an all-in rate of 1.15% (2021: 0.95%)	**5,410,000**	**626**	5,410,000	624
US Dollar at an all-in rate of 2.70% (2021: 1.03%)	**768,000**	**633**	768,000	556
		6,507		6,241

At the date this Report was approved, the Company had drawn down the following amounts from the facility, all with a maturity date of 26 September 2022:

– Swiss Franc 2,500,000 at an all-in rate of 1.35%, equivalent to £2,271,000.

– Euro 2,326,000 at an all-in rate of 1.229%, equivalent to £2,042,000.

– Norwegian Krone 13,145,000 at an all-in rate of 3.1%, equivalent to £1,123,000.

– Danish Krona 5,410,000 at an all-in rate of 1.533%, equivalent to £639,000.

– US Dollar 768,000 at an all-in rate of 3.544%, equivalent to £673,000.

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

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

	2022 £'000	2021 £'000
2.51% Senior Loan Note	**40,000**	40,000
Unamortised 2.51% Senior Loan Note issue expenses	**(70)**	(82)
4.37% Senior Loan Note at fair value	**73,344**	73,344
Amortisation of 4.37% Senior Loan Note	**(2,564)**	(983)
	110,710	112,279

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.

Notes to the Financial Statements

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

15. Share capital

	2022		2021	
	Shares	£'000	Shares	£'000
Allotted, called-up and fully-paid:				
Ordinary shares of 25p each: publicly held	**116,690,472**	**29,172**	117,046,487	29,261
Ordinary shares of 25p each: held in treasury	**2,839,060**	**710**	2,483,045	621
	119,529,532	**29,882**	119,529,532	29,882

During the year 356,015 Ordinary shares were bought back (2021 – nil) to be held in treasury by the Company at a total cost of £3,195,000 (2021 – £nil) representing 0.3% (2021 – 0.0%) of called-up share capital.

16. Net asset value per Ordinary share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end follow. These were calculated using 116,690,472 (2021 – 117,046,487) Ordinary shares in issue at the year end (excluding treasury shares).

	2022 Net Asset Value Attributable		2021 Net Asset Value Attributable	
	£'000	pence	£'000	pence
Net asset value – debt at par	**1,009,255**	**864.9**	1,093,859	934.6
Add: amortised cost of 2.51% Senior Loan Notes	**39,930**	**34.1**	39,918	34.1
Less: fair value of 2.51% Senior Loan Notes	**(39,725)**	**(33.9)**	(40,000)	(34.2)
Add: amortised cost of 4.37% Senior Loan Notes	**70,780**	**60.5**	72,361	61.8
Less: fair value of 4.37% Senior Loan Notes	**(63,905)**	**(54.6)**	(70,893)	(60.6)
Net asset value – debt at fair value	**1,016,335**	**871.0**	1,095,245	935.7

17. Analysis of changes in net debt

	At 1 July 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2022 £'000
Cash and cash equivalents*	**4,493**	**82**	**15,556**	**-**	**20,131**
Debt due within one year	**(6,241)**	**(298)**	**32**	**-**	**(6,507)**
Debt due after more than one year	**(112,279)**	**-**	**-**	**1,569**	**(110,710)**
	(114,027)	**(216)**	**15,588**	**1,569**	**(97,086)**

	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)

* An analysis of cash and cash equivalents between cash at bank and in hand and money market funds is provided in note 12 on page 78.

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

18. Financial instruments

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

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. As at 30 June 2022 there were no open positions in derivatives transactions (2021 – same).

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

The Manager is a wholly owned subsidiary of the abrdn Group ("the Group"), which provides a variety of services and support to the Manager in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The Manager has delegated the day to day administration of the investment policy to 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). The Manager has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

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

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

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

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

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The Attribution Analysis, detailing the allocation of assets and the stock selection, is shown in the Performance Attribution table on page 8. 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 4 to 6, in the Investment Manager's Report on pages 7 to 10 and in Overview of Strategy on page 21.

The Board has agreed the parameters for net gearing, which was 9.4% of net assets as at 30 June 2022 (2021 – 10.3%). 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.

18 (a) Market risk. The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 15. 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 7 to 10.

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

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

– the level of income receivable on cash deposits;

– interest payable on the Company's variable rate borrowings; and

– the fair value of any investments in fixed interest rate securities.

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

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

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

	Floating rate		Non-interest bearing	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Danish Krona	**93**	–	20,888	16,757
Euro	**268**	–	46,543	42,023
Norwegian Krone	**66**	–	20,582	23,221
Singapore Dollars	–	–	14,833	–
Sterling	**19,704**	3,809	942,138	1,069,162
Swedish Krone	–	–	14,075	–
Swiss Francs	–	684	23,009	30,958
Taiwan Dollars	–	–	5,273	6,859
US Dollars	–	–	11,452	13,310
Total	**20,131**	**4,493**	1,098,793	1,202,290

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 13 and 14.

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

Notes to the Financial Statements

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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 2022 and net assets would increase/decrease by £161,000 (2021 – £12,000) respectively. This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and borrowings.

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

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

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

	30 June 2022			30 June 2021		
	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000
Danish Krona	**20,888**	**(533)**	**20,355**	16,757	(624)	16,133
Euro	**46,543**	**(1,734)**	**44,809**	42,023	(1,580)	40,443
Norwegian Krone	**20,582**	**(1,030)**	**19,552**	23,221	(1,106)	22,115
Singapore Dollars	**14,833**	**–**	**14,833**	–	–	–
Swedish Krone	**14,075**	**–**	**14,075**	–	–	–
Swiss Francs	**23,009**	**(2,150)**	**20,859**	30,958	(1,274)	29,684
Taiwan Dollars	**5,273**	**–**	**5,273**	6,859	–	6,859
US Dollars	**11,452**	**(633)**	**10,819**	13,310	(556)	12,754
Total	**156,655**	**(6,080)**	**150,575**	133,128	(5,140)	127,988

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.

	2022 £'000	2021 £'000
Danish Krona	**2,036**	1,613
Euro	**4,481**	4,044
Norwegian Krone	**1,955**	2,212
Singapore Dollars	**1,483**	–
Swedish Krone	**1,408**	–
Swiss Francs	**2,086**	2,968
Taiwan Dollars	**527**	686
US Dollars	**1,082**	1,275
Total	**15,058**	12,798

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

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to international markets and the stock selection process, as detailed in the section "Delivering the Investment Policy" on page 15, 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 2022 would have increased/decreased by £109,879,000 (2021 – £120,229,000).

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

At 30 June 2022	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
Bank loans	6,507	–	–	–	6,507
2.51% Senior Loan Note	–	–	–	40,000	40,000
4.37% Senior Loan Note	–	–	–	60,000	60,000
Interest cash flows on bank loans	1	–	–	–	1
Interest cash flows on 2.51% Senior Loan Note	1,004	2,008	2,008	502	5,522
Interest cash flows 4.37% Senior Loan Note	2,622	5,244	5,244	5,244	18,354
Cash flows on other creditors	1,513	–	–	–	1,513
	11,647	7,252	7,252	105,746	131,897

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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% Senior Loan Note	–	–	–	40,000	40,000
4.37% Senior Loan Note	–	–	–	60,000	60,000
Interest cash flows on bank loans	5	–	–	–	5
Interest cash flows on 2.51% Senior Loan Note	1,004	2,008	2,008	1,506	6,526
Interest cash flows 4.37% Senior Loan Note	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

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 2022 the Company utilised £6,507,000 (2021 – £6,241,000) of a £50,000,000 multi-currency revolving bank credit facility, which is committed until 27 October 2024 (2021 – of a £20,000,000 multi-currency revolving bank credit facility committed until 3 November 2021). Details of maturity dates and interest charges can be found in note 13. The aggregate of all future interest payments at the rate ruling at 30 June 2022 and the redemption of the loan amounted to £6,508,000 (2021 – £6,246,000).

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

Management of the risk. The risk is mitigated by the Investment Manager reviewing the credit ratings of counterparties. The risk attached to dividend flows is mitigated by the Investment Manager's research of potential investee companies. The Company's custodian bank is responsible for the collection of income on behalf of the Company and its performance is reviewed by the Depositary (on an ongoing basis) and by the Board on a regular basis. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties. The maximum credit risk at 30 June 2022 is £25,306,000 (30 June 2021 – £9,822,000) consisting of £2,685,000 (2021 – £2,415,000) of dividends receivable from equity shares, £2,490,000 (2021 – £2,914,000) receivable from brokers and £20,131,000 (2021 – £4,493,000) in cash and cash equivalents.

None of the Company's financial assets are past due or impaired (2021 – none).

19. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset or liability. The fair value hierarchy has the following levels:

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

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

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

The valuation techniques used by the Company are explained in the accounting policies note 2(f). 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 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. The fair value and amortised cost amounts can be found in note 16 on page 80.

The fair value of the 4.37% Senior Loan Notes have been calculated based on a comparable debt security. The fair value and amortised cost amounts can be found in note 16 on page 80.

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

20. 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.

21. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration section of the Directors' Remuneration Report on pages 46 to 49.

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

22. 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 14); and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

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

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

Corporate Information

Nordea, a portfolio company, is the largest bank in the Nordics with a 200-year history and is listed on the stock exchanges in Helsinki, Stockholm and Copenhagen.

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 £508 billion as at 30 June 2022, including 22 UK-listed closed end investment companies.

The Investment Team

Charles Luke

Senior 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 abrdn's 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.

Rhona Millar

Investment Analyst

An Investment Analyst in UK & European equities team since 2018, Rhona joined abrdn in 2016 and previously worked at EY. Rhona graduated with a BSc in Mathematics from the University of St Andrews. She is a Chartered Accountant and a CFA Level III candidate.

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 abrdn. 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 UK and European 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. Further information on ESG may be found on pages 93 to 97.

The investment process also leverages a wealth of knowledge, insight and expertise across asset classes and regions within abrdn. This allows the Investment Manager to take advantage of equity colleagues across the globe who are meeting companies and conducting research and sharing their insights using one common global research platform. This is invaluable when investing in the UK equity market, which is one of the most global markets in the world. 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.

Information about the Manager including Investment Process

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: abrdn

How the Investment Manager approaches ESG

Summary

Some key information is set out below about the way ESG considerations have been embedded in the portfolio by the Investment Manager.

abrdn

40+
Dedicated ESG experts across our business

A+
Rating across 6 categories in the latest Principles for Responsible Investment (PRI) assessment

1393
Company engagements covering ESG topics

Equities Investment Team

A+/A
PRI Rating for Integration/Active Ownership in Listed Equities

100%
of researched companies include integration of ESG company analysis

Company

14.5%
Lower carbon intensity relative to the Benchmark

67
Number of meetings where the Company voted

17.9%
Number of meetings with at least one vote against management

1st

Quartile

Peer Group MSCI Rating

AAA
Fund MSCI ESG Rating

Please note that Morningstar does not provide a sustainability rating for this fund.
Engagement: time period referenced is preceding 6 months
Voting: time period referenced is preceding 12 months

How the Investment Manager approaches ESG

Continued

Introduction

The Board relies on its Investment Manager to apply appropriate Environment, Social and Governance ("ESG") principles to how the portfolio is constructed and managed within the confines of its investment objective and policy. Having an income objective means that the Company needs to acquire investments which typically provide a higher than average yield. In some cases, this means more exposure to older industries such as mining and oil and gas but, nevertheless the Investment Manager's ESG principles are applied in deciding on a specific investment. Even within these more mature industries it is evident that the possibility of engagement by the Investment Manager can lead to change, for example business models adapting to account for social and environmental responsibilities. This is irrespective of government interventions. For example, **Anglo American** increased its scoring having improved its ESG quality rating. The ESG component was driven in part by **Anglo American's** position as a strong performer in its sector - key risks are deeply interwoven into strategy and aligned with management remuneration. It has also developed clear deliverables within its Sustainable Mining Plan. The stock presented an attractive dividend yield and was subsequently added to the Company's portfolio.

Although ESG factors are not the overriding criteria in relation to the investment decisions taken by the Investment Manager as the Company does not follow a sustainability approach, prominence is placed on ESG and climate-related factors throughout the investment process.

The following explains how ESG and climate change factors are considered by the Investment Manager.

The Investment 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 the investee companies' commitment to improving their ESG profile. The Investment 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 Investment Manager is comfortable investing in, for example, sectors such as mining and oil & gas, subject to the belief, based on such engagement and investee companies delivering on their commitments that a company is taking the necessary action to address their energy transition. The Investment Manager has high expectations for these companies given that many commodities are necessary for the transition to a low carbon future.

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

The Investment Manager is an active investor, voting at shareholder meetings in a considered manner, working with companies to drive positive change, and engaging with policymakers on ESG and stewardship matters.

There are three core principles which underpin the Investment Manager's investment approach (shown below) and the time it dedicates to ESG analysis as part of its overall fundamental equity research process:

ESG factors are financially material, and impact corporate performance

Understanding ESG risks and opportunities alongside other financial metrics allows us to make better investment decisions

Informed and constructive engagement helps foster better companies, enhancing the value of our clients' investments

As part of their company research, our stock analysts evaluate the ownership structures, governance and management quality of the companies they cover. They also assess potential environmental and social risks that the companies may face. These insights are captured in our company research notes.

Our stock analysts work closely with dedicated ESG specialists who sit within each regional investment team and provide industry-leading expertise and insight at the company level. These specialists also mediate the insights developed by our central ESG Investment team to the stock analysts, as well as interpret and contextualise sector and company insights.

Our central ESG investment team provides thought leadership, thematic and global sector insights, as well as event-driven research. The team is also heavily involved in the stewardship of our investments and supports company engagement meetings where appropriate.

How the Investment Manager embeds ESG into its Investment Process

01. Investment Insight

High quality fundamental and first hand research

Assessment of ESG for all stocks under coverage

02. Active Ownership

Engage and vote with aim of improving financial resilience and investment performance

Raise standards in companies and industries we invest in, and help drive industry best practice

03. Risk & Monitoring

Combine in-house and external scoring to inform view

Active tracking of portfolio holdings against ESG objectives

04. Our People

Over 130 equity professionals, and 40+ central and on-desk ESG specialists across the world

How the Investment Manager approaches ESG

Continued

Details of the proprietary ESG scoring system that the Investment Manager uses within its investment process can be found in the bi-annual Sustainability Investment Report which the Board receives. The report includes updates on the key data and sustainability ratings for the Company's portfolio and is made available on its website at: **murray-income.co.uk/sustainable-investment-report**

Benchmarking: MSCI ESG Ratings

MSCI company ratings are provided by MSCI to enable comparisons with investments held elsewhere in a standardised format. As described above, our Investment Manager conducts its own proprietary research which may lead it to a rating that differs to the MSCI score. MSCI rates companies on a AAA-CCC scale according to their exposure to ESG risks and how well they manage those risks relative to peers.

The Company's MSCI ESG Quality Score assesses the resilience of a fund's aggregate holdings to long term ESG risks and is provided on a 0-10 scale, with 10 being the highest possible fund score. It is based on a granular breakdown of a company's business, its core product or business segments, the locations of its assets or revenues and other relevant measures such as outsourced production. The Company's MSCI ESG Quality Score is 9.5. The MSCI ESG Rating measures the resiliency of portfolios to long term risks and opportunities arising from environmental, social, and governance factors. The ESG Rating is calculated as a direct mapping of the " MSCI ESG Quality Score" to letter rating categories.

The fund MSCI ESG Rating is	AAA

Based on the Company's holdings as at 30 June 2022

Climate Change

Climate change is one of the most significant challenges of the 21st century and has big implications for investors.

The energy transition is underway in many parts of the world, and policy changes, falling costs of renewable energy, and a change in public perception are happening at a rapid pace. The task force on climate-related financial disclosures (referred to as TCFD) is now becoming a global standard for reporting climate risks and opportunities. As a listed investment company, the Company is not subject to the Listing Rule requirement to comply with TCFD reporting, but your Investment Manager will be required to report on the Company as one of its products. However, the Board is a keen supporter of the ambitions of TCFD, as it believes it will improve disclosure of climate related risks. This in turn will help the Investment Manager and other stakeholders better assess the risks which will support sound investment decisions.

Assessing the risks and opportunities of climate change is already an integral part of the investment process associated with your portfolio. In particular, the Investment Manager considers:

Transition risks and opportunities

Governments could take robust climate change mitigation actions to reduce emissions and transition to a low-carbon economy. This is reflected in targets, policies and regulation and can have a considerable impact on high-emitting companies.

Physical risks and opportunities

Insufficient climate change mitigation action will lead to more severe and frequent physical damage. This results in financial implications, including damage to crops and infrastructure, and the need for physical adaptation such as flood defences.

The Investment Manager has aligned its approach with that advocated by the investor agenda of the Principles for Responsible Investment (PRI) – a United Nations-supported initiative to promote responsible investment as a way of enhancing returns and better managing risk.

Importance of Engagement

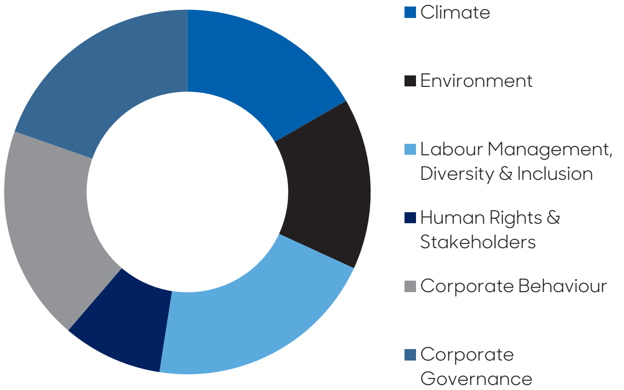
The Investment Manager is committed to regular, ongoing engagement with the companies in which it invests, to help to maintain and enhance their ESG standards into the future.

As part of the investment process, the Investment Manager undertakes a significant number of company meetings each year on behalf of the Company, supported by on-desk ESG analysts as well as a well-resourced specialist ESG Investment team. These meetings provide an opportunity to discuss various relevant ESG issues including board composition, remuneration, audit, climate change, labour issues, human rights, bribery and corruption. Companies are strongly encouraged to set clear targets or key performance indicators on all material ESG risks.

This engagement is not limited to a company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's customers and clients.

Our Engagement Activity

The Investment Manager regularly engages with companies it invests in. The following chart shows the engagements that have included ESG topics. Over the year to 30 June 2022 we met with 40 portfolio companies on ESG topics and had 92 engagements with them. This does not include positions we have moved out of or are considering. These are the themes that we have engaged on:



abrdn's Voting Activity

The following is a summary of the Investment Manager's voting activity, on behalf of the Company, for the Year to 30 June 2022 (Source abrdn):

Voting Summary	Total
How many meetings were you eligible to vote?	72
How many meetings did you vote at?	67
How many resolutions were you eligible to vote on?	1346
What % of resolutions did you vote on for which you were eligible?	92.7%
Of the resolutions on which you voted, what % did you vote with management?	98.3%
Of the resolutions on which you voted, what % did you vote against management?	1.5%
Of the resolutions on which you voted, what % did you abstain from voting?	0.2%
In what % of meetings, for which you did vote, did you vote at least once against management?	16.4%

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

Investor Information

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

The Company has appointed the Manager as its alternative investment fund manager and BNP Paribas Trust Corporation UK Limited as its depositary under the AIFMD.

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

The periodic disclosures required to be made by the Manager under the AIFMD are set out on page 101.

Benchmark

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

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

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

abrdn does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 113.

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 page 113). 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 abrdn Customer Services Department by calling **0808 500 0040**, sending an email to **inv.trusts@abrdn.com** or writing to:

abrdn Investment Trusts
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 2022/23 tax year (2021/22 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 abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust ISA.

abrdn Investment Plan for Children

abrdn operates an investment plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children's Plan (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 abrdn in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

abrdn Investment Trust Share Plan

abrdn 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 abrdn in writing at any time.

abrdn Investment Trust ISA

abrdn operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2022/23.

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

Nominee Accounts and Voting Rights

All investments in the abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust 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 abrdn.

If you have an administrative query which relates to a direct shareholding in the Company, please contact the Registrar (see page 113 for details). If investors would like details on the Company or information on the abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust ISA or ISA Transfers, please e-mail **inv.trusts@abrdn.com**

or telephone **0808 500 0040**
or write to –
abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB.

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

Investor Information

Continued

Literature Request Service
For literature and application forms for the abrdn Investment Plan for Children, abrdn Investment Trust Share Plan or abrdn Investment Trust ISA or ISA transfer, please visit **invtrusts.co.uk** or call 0808 500 0040.

Terms and Conditions
Terms and conditions for abrdn 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 98 to 100 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 2022.

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 4 to 23, 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 the Manager;
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the AIFMD Remuneration Code, the AIFM's remuneration policy in respect of its reporting period ended 31 December 2021 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 2022	1.21:1	1.22:1

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

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by the Manager which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

General

Experian, a portfolio company, has managed the UK's largest and most comprehensive source of consumer information for over 30 years.

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.

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.

		2022	2021
NAV per Ordinary share (p)	a	**864.9**	934.6
Share price (p)	b	**832.0**	871.0
Discount	(b-a)/a	**-3.8%**	-6.8%

Dividend cover

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

		2022	2021
Revenue return per share	a	**40.50p**	33.73p
Dividends per share	b	**36.00p**	34.50p
Dividend cover	a/b	**1.13**	0.98

Dividend yield

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

		2022	2021
Dividends per share	a	**36.00p**	34.50p
Share price	b	**832.00p**	871.00p
Dividend yield	a/b	**4.3%**	4.0%

Alternative Performance Measures

Continued

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.

		2022	2021
Borrowings (£'000)	a	**117,217**	118,520
Cash (£'000)	b	**20,131**	4,493
Amounts due to brokers (£'000)	c	**–**	1,191
Amounts due from brokers (£'000)	d	**2,490**	2,914
Shareholders' funds (£'000)	e	**1,009,255**	1,093,859
Net gearing	(a-b+c-d)/e	**9.4%**	10.3%

Ongoing charges ratio

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

		2022	2021
Investment management fees (£'000)	a	**3,997**	2,512
Administrative expenses (£'000)	b	**1,350**	1,443
Less: non-recurring charges[A] (£'000)	c	**(30)**	(115)
Ongoing charges (£'000)	a+b+c	**5,317**	3,840
Average net assets (£'000)	d	**1,102,862**	841,850
Ongoing charges ratio	e=(a+b+c)/d	**0.48%**	0.46%

[A] 2022 comprises £20,000 director recruitment fee, £8,000 legal fees relating to the private placement notes and £2,000 professional fees for Taiwan tax work. 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.

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

Total return

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

Year ended 30 June 2022		Share Price	NAV
Opening at 1 July 2021	a	**871.0p**	**934.6p**
Closing at 30 June 2022	b	**832.0p**	**864.9p**
Price movements	c=(b/a)-1	**-4.5%**	**-7.5%**
Dividend reinvestment[A]	d	**3.8%**	**3.5%**
Total return	c+d	**-0.7%**	**-4.0%**

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%

[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.

Glossary of Terms

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

abrdn or the Group
The abrdn plc group of companies.

AIFMD
Alternative Investment Fund Managers Directive

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

Benchmark
FTSE All-Share Index.

Depositary
A depositary is responsible for cash monitoring, the custody and safeguarding of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements. During the year the Depositary was BNP Paribas Securities Services, London Branch. The depositary agreement was novated to BNP Paribas Trust Corporation UK Limited on 30 June 2022.

FCA
The Financial Conduct Authority.

Investment Manager
Aberdeen Asset Managers Limited

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

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

Manager
abrdn Fund Managers Limited (formerly Aberdeen Standard Fund Managers Limited, until 31 July 2022), is a wholly owned subsidiary of abrdn and acts as the alternative investment fund manager for the Company. abrdn Fund Managers Limited is authorised and regulated by the Financial Conduct Authority.

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 1 November 2022 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 12 inclusive will be proposed as Ordinary Resolutions and Resolutions 13 and 14 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 2022.
2. To receive and adopt the Directors' Remuneration Report for the year ended 30 June 2022 other than the Directors' Remuneration Policy.
3. To approve the Company's dividend policy to pay four quarterly interim dividends per year.
4. To elect Nandita Sahgal Tully* as a Director of the Company.
5. To re-elect Stephanie Eastment* as a Director of the Company.
6. To re-elect Alan Giles* as a Director of the Company.
7. To re-elect Merryn Somerset Webb* as a Director of the Company.
8. To re-elect Peter Tait* as a Director of the Company.
9. To re-elect Neil Rogan* as a Director of the Company.
10. To re-appoint PricewaterhouseCoopers LLP as independent auditor of the Company.
11. To authorise the Audit Committee to fix the remuneration of PricewaterhouseCoopers LLP as independent auditor of the Company for the year ended 30 June 2023.

Special Business

Authority to Allot

12. 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 £1,455,755 (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 2023, 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

13. THAT, subject to the passing of Resolution 12 proposed at the Annual General Meeting of the Company convened for 1 November 2022, 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 12 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 2023, 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 £2,911,511 (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 pages 43 and 44 of the Annual Report of the Company for the year ended 30 June 2022 and at a price not less than 0.5% above the net asset value per share (as determined by the Directors).

Authority to Make Market Purchases of Shares

14. 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 17,457,424 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 2023 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.

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

By order of the Board
Aberdeen Asset Management PLC
Secretaries
21 September 2022

Registered Office
1 George Street
Edinburgh
EH2 2LL

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 28 October 2022. 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 1 November 2022 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 are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open between 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 PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 12.30pm on 28 October 2022.

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.

Notice of Annual General Meeting

Continued

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 28 October 2022. 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 21 September 2022 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 116,460,472 ordinary shares, carrying one vote each and 3,069,060 shares held in treasury. Therefore, the total voting rights in the Company as at 21 September 2022 are 116,460,472.

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 the abrdn 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**

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

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

Additional Shareholder Information

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

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

Registered in Scotland under company number SC012725

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

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

Twitter:

@abrdnTrusts

LinkedIn:

abrdn Investment Trusts

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Alternative Investment Fund Manager
abrdn 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
PXS 1
Central Square
29 Wellington Street
Leeds
LS1 4DL

Independent Auditor
PricewaterhouseCoopers LLP

Depositary
BNP Paribas Trust Corporation UK Limited

Lawyer
Dickson Minto W.S.

Stockbroker
Investec Bank plc

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

abrdn.com