Murray Income Trust PLC

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

Annual Report
30 June 2020

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

Visit our Website

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

Investment Objective

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

"The Company's focus on quality should mean that it is particularly well placed to serve shareholders who are searching for a reliable, diversified and growing income stream."

Neil Rogan, Chairman

"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."

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

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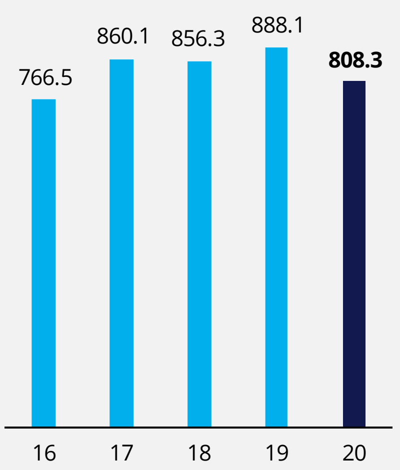
Financial Highlights, Dividends and Financial Calendar

Financial Highlights

Measure	2020	2019
Net asset value total return[AB]	–5.3%	+7.9%
Share price total return[AB]	–5.8%	+13.2%
Benchmark total return[AC]	–13.0%	+0.6%
Ongoing charges[B]	0.64%	0.65%
Earnings per share (revenue)	30.5p	34.9p
Dividend per share	34.25p	34.00p
Discount to net asset value[B]	–5.0%	–4.3%
Dividend yield[B]	4.5%	4.0%

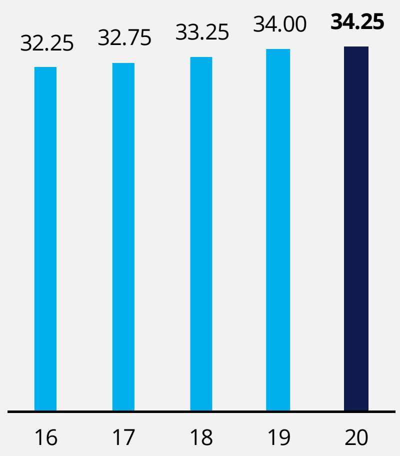
[A] Total return as defined on page 87.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 87 and 88.
[C] The Company's benchmark is the FTSE All-Share Index.

Net Asset Value per share



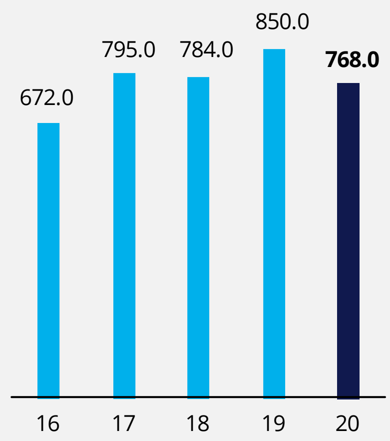
At 30 June – pence

Dividends per share



Year ended 30 June – pence

Mid-market price per share



At 30 June – pence

Dividends

	Rate	XD date	Record date	Payment date
First interim 2020	8.25p	21 Nov 2019	22 Nov 2019	20 Dec 2019
Second interim 2020	8.25p	20 Feb 2020	21 Feb 2020	20 Mar 2020
Third interim 2020	8.25p	21 May 2020	22 May 2020	19 Jun 2020
Fourth interim 2020	9.50p	20 Aug 2020	21 Aug 2020	18 Sep 2020
Total dividends 2020	**34.25p**			

Financial Calendar

Payment months of quarterly dividends	Dec, Mar, Jun, Sep
Financial year end	30 Jun
Annual General Meeting	Nov
Expected announcement of results for year ended 30 June 2021	Sep

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

Strategic Report

Murray Income Trust PLC is an investment trust whose Ordinary shares are listed on the premium segment of the London Stock Exchange. Murray Income Trust PLC was launched over 97 years ago; investment trusts are one of the oldest forms of collective investment in the world.

Chairman's Statement

"I am pleased to report another very strong year of relative performance for the Company and a 47th consecutive year of dividend increases."

Neil Rogan, Chairman

Highlights

- Total dividends per share increased by 0.7% to 34.25p, the 47th year of consecutive increase.
- Dividend yield of 4.5%, based on the year end share price of 768.0p.
- Share Price Total Return of -5.8% and Net Asset Value Total Return -5.3% both well ahead of the FTSE All-Share Index Total Return of -13.0%.
- Our Manager, Aberdeen Standard Investments, has a strong, long-established ESG process. The Company has been awarded a Morningstar Sustainability Rating of four out of five globes.

Review of the Year

I am pleased to report another very strong year of relative performance for the Company and a 47th consecutive year of dividend increases.

Net Asset Value ("NAV") per share fell by 5.3% over the year in total return terms. While it is always disappointing to record short term losses, we are reassured by the fact that our relative performance was well ahead of the benchmark index (FTSE All-Share) return of -13.0%, on a total return basis. With the discount of share price to NAV widening slightly from 4.3% to 5.0% over the year, the share price total return was -5.8%. Performance is explained in more detail in the Investment Manager's Report but the main contributing factor is Aberdeen Standard Investments' relentless focus on quality. Among the key characteristics for a "quality" company for Aberdeen Standard Investments are the strength of the business model, management and balance sheet. This has helped avoid the worst of the dividend shocks.

The Board declared, on 5 August 2020, a fourth interim dividend per share of 9.50p which makes a total for the year of 34.25p, an increase of 0.7% on the 34.00p per share paid in the previous year. This will represent 47 consecutive years of dividend growth and allows us to retain our place on the AIC's list of Dividend Heroes, the investment trusts that have successfully increased their dividend each year for at least 20 years. Shareholders may recall that approval was given at the last AGM for the Company to pay four interim dividends, evenly spaced throughout the year, thus avoiding the considerable delay resulting from the final dividend not being paid until after the relevant resolution was passed at the AGM.

Relative to our NAV per share, our share price moved between a 3.4% premium and a 6.9% discount over the year. The average discount was 3.6%. Discounts widened across the UK Equity Income sector as the impact of the Covid-19 pandemic ("Covid-19") on dividends became clearer.

The people and process behind the Company are unchanged over the year. Charles Luke has been our lead manager since 2006 and is supported as deputy by Iain Pyle. They form part of the six-strong UK Equity Income Team at Aberdeen Standard Investments which in turn is part of the sixteen-strong UK Equities team headed by Andrew Millington. It is worth repeating that the 2017 merger between Aberdeen Asset Management PLC and Standard Life plc has resulted in a much-strengthened UK Equities team. Years of rehearsing for disaster recovery proved invaluable when the decision was made at Aberdeen Standard Investments to move to home working in March: the switch surprised everyone by proceeding without a hitch.

Environmental, Social and Governance ("ESG")

ESG is one of the key components of Aberdeen Standard Investments' philosophy as it seeks to mitigate risk and enhance returns. The Company benefits from the significant amount of time and resource that the Manager dedicates to focusing on the ESG characteristics of the companies in which they invest. ESG considerations are deeply embedded in the company analysis carried out by the Manager who is also able to draw on the expertise of more than 30 in-house ESG specialists. This 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. The Company has been awarded a Morningstar Sustainability Rating of four out of five.

Proposed Combination with Perpetual Income & Growth Investment Trust plc

We are thrilled to have won a highly competitive tender run by the board of Perpetual Income and Growth Investment Trust plc ("PLI"). It is a recognition of the strength of the people, process and performance of our management team led by Charles Luke, supported by Iain Pyle and the rest of their UK team at Aberdeen Standard Investments. Combined with a projected 0.38% blended management fee, which compares to pre-combination blended fee rates of 0.48% for the Company and 0.55% for PLI, our proposal proved compelling. The two companies have very similar objectives, delivering high and growing income combined with capital growth. If approved by shareholders, the proposed combination with PLI will create a company with gross assets in excess of £1 billion.

Chairman's Statement Continued

And while we are not allowed to forecast dividends, we can say that we are proud of our Dividend Hero status that comes from our record of increasing our dividend payments in each of the past 47 years and the Board intends to retain this hard-earned record of growing dividends.

We hope that most PLI shareholders will choose to take up their new shares in our Company and look forward to welcoming them. We expect to be announcing details of the combination, including convening the shareholder meeting that the Company will be required to hold, shortly.

The Company will celebrate its centenary in 2023. With a strong management team and an excellent performance track record and with its larger size leading to greater liquidity and lower costs, subject to the successful completion of the combination with PLI, we can look forward with confidence to continuing to meet our shareholders' objectives.

Board

One of the reasons that there are not as many investment trust transactions as there should be is the inability of Boards to agree on who should move on to the combined Board. Directors of both trusts do not want to vote to lose their jobs and directors of the surviving trust do not want to increase the number of directors. So trusts stay independent longer than they should. This is despite it usually being in both sets of shareholders' interests that the proposed combination proceeds and despite it being good for the reputation of the industry that weaker trusts merge into the stronger ones.

PLI's chairman Richard Laing together with Alan Giles and Georgina Field have been invited to join the Board of the Company subject to approval by shareholders of the combination and we are delighted to welcome them. The three Directors who will each have completed nine years' cumulative service on either or both of the companies' boards – namely Richard Laing, Jean Park and Donald Cameron – will then retire by the close of the 2021 AGM when the Board will reduce back from nine to six Directors. The five and one years' respective service for Alan and Georgina, as directors of PLI, will count towards their maximum nine-year terms. The extra salary costs in the first year are within the shareholder approved ceiling on Directors' fees and are substantially offset by not needing to pay two sets of recruitment costs to find replacements for Jean and Donald. We thank Victoria Cochrane, Bob Yerbury and Mike Balfour, the PLI directors who are not joining the Board, for their contributions to the combination and wish them every success in the future.

Income and Dividend Policy

Covid-19 has led to a sudden, large and unexpected cut in dividend payments from many UK companies. Hit hard by declining revenues, companies have chosen to conserve cash or followed guidance to suspend dividends whilst in receipt of government furlough funding or other assistance. Calendar year 2020 dividends, for the market, are currently expected to be 40% below 2019 levels. Our Manager is currently forecasting a 14% reduction in our portfolio income in 2020. The purpose of building our revenue reserves over the years is to give us the ability to smooth dividend payments to shareholders in times such as these. So we are able to increase our full year dividend per share for the year ended 30 June 2020 to 34.25p by paying out 30.50p as this year's revenue supplemented by 3.75p from revenue reserves, which represents the 47th year of consecutive dividend increases. This reduces our revenue reserves per share from 27.8p to 24.1p, the latter representing 70.3% of the full year dividend.

We are not allowed to bring over the revenue reserves of PLI due to the technicalities of the Section 110 restructuring process. In light of the likely reduction in the Company's income in the near term, combined with the Company's planned combination with PLI (and the corresponding dilution to the Company's revenue reserves that any issue of new shares would bring), the Board is keen to ensure that it can make dividend increases in the future during any period of uncertainty. Left unchecked, depleted revenue reserves may mean lower future dividend growth for shareholders if the Company sought to rebuild the revenue reserves to provide a sufficient cushion against future shocks. Your Board is therefore of the view that the ability to pay a portion of future dividends judiciously out of capital reserves provides a valuable degree of flexibility and offsets any potential drawback of the planned combination with PLI. Your Board also believes that having this additional weapon in its armoury should improve the Company's appeal to investors, given the additional capability that the Company would have to maintain its dividend in a variety of circumstances. As a consequence, your approval is therefore being sought at the forthcoming AGM to a change in the Company's Articles of Association to permit such payments, which is now commonplace in the sector. Further details are set out on pages 44 in the Directors' Report.

Ongoing Charges

The figure for ongoing charges represents the total charges to shareholders for managing and administering the Company. The management fee payable to Aberdeen Standard Investments for their management of the investment portfolio is the largest component of this. Since 1 January 2018, the management fee has been calculated on net assets as follows: at 0.55% up to £350m, 0.45% between £350m and £450m and 0.25% over £450m. At 30 June 2020, based on net assets of £534.4m, our blended management fee is therefore 0.48%.

In addition to the management fee, there is an annual marketing fee of £407,000 and a secretarial fee of £90,000, both including applicable VAT. The total ongoing charges figure aggregates all charges and as a percentage of NAV was 0.64% for the year ended 30 June 2020. There is one further cost to shareholders on top of the ongoing charges figure which is the transaction costs of changes in the investment portfolio. Because of the low portfolio turnover stemming from the Manager's long-term investment process, total transaction costs amounted to only 0.14% of NAV for this financial year.

Gearing

The Board continues to believe that sensible use of modest and flexible borrowings (otherwise known as gearing) should enhance returns of both capital and income to shareholders over the longer term. It is indeed an advantage of investment trusts that they are able to borrow money in order to enhance returns to shareholders. Net gearing increased from 3.1% to 5.3% over the year. The Company has £60m of short and long-term borrowings split between £40m of 10-year loan notes with an annual coupon of 2.51% expiring in 2027 and a £20m multi-currency three-year bank borrowing facility from Scotiabank, committed until November 2020.

Part of the combination with PLI involves bringing together the long term borrowings of the two companies. This would result in a blended cost of long term borrowing of 3.63% with £40m due in 2027 and £60m due in 2029. Together with our rolling short-term borrowing facility of £20m this would take the full borrowing potential to £120m, which is 10.8% of the aggregated net assets of the Company and PLI, as at 30 June 2020. With the beta of the investment portfolio currently running at 0.89 (meaning that statistically the portfolio is expected to capture 89% of any market movement) the Board presently believes that the appropriate neutral gearing rate is 10%. The annualised cost of the Company's current borrowings is 0.21% of NAV.

Annual General Meeting

At the time of writing, various guidance has been issued by the UK, Scottish and Welsh Governments, respectively, regarding measures to reduce the transmission of Covid-19 in the UK. These measures are, and will continue to be, subject to periodic amendment and currently impose rules on social distancing and limitations on, among other things, public gatherings. It is unclear how long these measures will be in place. The safety, security and health of the Company's shareholders, their guests and our advisers, including the Manager's personnel, is of paramount importance to the Board. Accordingly, in view of this guidance, the Board is changing the format of the AGM this year.

The AGM will be held in London at 12.30pm on Friday 27 November 2020 at the offices of Aberdeen Standard Investments in Bow Bells House, 1 Bread Street, London EC4M 9HH, but will follow the minimum legal requirements for an AGM. Only the formal business set out in the Notice will be considered, with no presentation by the Investment Manager and no refreshments nor shareholder buffet lunch. In line with this guidance, shareholders are strongly discouraged from attending the meeting and indeed entry will be refused if current UK Government guidance is unchanged. Arrangements will be made by the Company to ensure that a minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed. The presentation that would normally be given at the AGM will be uploaded to the Company's website on 27 November 2020.

However, the Board is keen to ensure shareholders have an opportunity to interact with the Board and the Manager later in the year when it is hoped that the measures have been relaxed further. Therefore, in due course, we intend to publish on the Company's website details of a webcast during which the Chairman and Investment Manager will be available to present and answer your questions. As it is likely that Shareholders may not be able to attend the AGM in person, where possible, I would encourage you, in advance of the AGM, to lodge your vote either electronically via the registrar's online portal or by completion and return of a proxy (for direct shareholders) or a letter of direction (for Aberdeen Standard Investment Plan Participants).

Chairman's Statement Continued

I always welcome questions from our shareholders at the AGM but this year, given the format and the prevailing circumstances, I would ask shareholders to submit their questions to the Board prior to the meeting (and in any event by no later than 13 November 2020). The Board and/or the Investment Manager will respond to all such questions received either before or after the AGM. You may submit questions on the Company, the Annual Report or Notice of AGM in advance by email to the Board and Manager by sending such questions to **murray.income@aberdeenstandard.com**.

The situation in relation to Covid-19 continues to evolve and the Company will update shareholders as to any changes to the above arrangements for the AGM through its website at **www.murray-income.co.uk** and, where appropriate, through announcement on the London Stock Exchange. I trust that shareholders will be understanding and supportive of this format. The proposed resolutions are set out in the Notice of AGM on pages 90 to 93 and explained in the Directors' Report on pages 43 to 45.

Update

From 30 June 2020 to 21 September 2020, being the latest practicable date prior to approval of this Report, the NAV per share fell by 2.3% outperforming the FTSE All-Share Index which fell by 5.0%, both figures on a total return basis.

Outlook

It is a tough time to write an outlook section. There are too many variables that are difficult to predict, so any residual forecast would necessarily have a very low level of confidence. It is simply not a time for big predictions nor for taking large risks.

Aggregate UK company dividends are currently forecast to be down 40% in 2020 versus 2019. Holders of unit trusts or OEICs will experience sharp falls in their income payments in many cases. Investment trusts have the structure and ability to smooth income payments by using their accumulated reserves, thus most investment trusts will be able to at least maintain dividends.

Quality companies with attractive dividend yields, sound growth prospects and strong balance sheets are likely to be prized more than ever. The Company's focus on quality should mean that it is particularly well placed to serve shareholders who are searching for a reliable, diversified and growing income stream.

Neil Rogan
Chairman

22 September 2020

Investment Manager's Report

Charles Luke and Iain Pyle, Aberdeen Asset Managers Limited

Background

For the majority of the 12 months to 30 June 2020 it looked like the salient issues affecting the UK equity market would be domestic politics, Brexit and the circumstances surrounding US-China trade relations, but it was what came to pass at the start of Spring, namely the impact of the Covid-19 pandemic ("Covid-19"), that will frame the period under review for a long time to come. During March the market took significant fright at the potential for Covid-19 to deliver an unprecedented threat to global growth through a combination of a supply and demand shock, leading to elevated credit and liquidity concerns. This manifested itself in a collapse in share prices representing one of the fastest bear markets in history and precipitated a similarly sharp fall in oil prices. Towards the end of the period concerns over the spread of Covid-19 started to ameliorate as containment efforts began to take effect and governments' policies helped to ease the situation with market volatility abating and share prices in aggregate recouping some of their losses. The FTSE All-Share Index, having increased by 5.5% during the first 6 months of the period subsequently fell by 17.5% in the second half of the financial year and ended the 12 month period 13.0% lower (all figures on a total return basis, that is with dividends reinvested).

The first six months of the period witnessed equity markets progress gently higher with the domestic and global economies performing anaemically despite a backdrop of very modest levels of unemployment and low interest rates with the latter in particular boosting investor sentiment. In the UK, concerns regarding Brexit and the potential market-unfriendly nature of a Labour government were important factors in prompting Sterling to weaken and consequently helped to buoy those companies with overseas earnings. The failure of Parliament to agree on a withdrawal agreement resulted in the resignation of Theresa May as Prime Minister. Her successor, Boris Johnson, was more successful and with the prospect that the most negative Brexit scenarios would be removed, domestic assets responded positively. The Conservative Party majority in the General Election provided a further fillip to domestically exposed UK companies. Although we entered 2020 with valuations at high levels, investors took comfort from the prospect of easier fiscal and monetary policy, an improving trade backdrop and an environment in the UK seemingly set fair for domestically-focused companies to benefit. Internationally, the ongoing trade dispute between the US and China provided the main area of focus with signs of progress and delay affecting sentiment. Concerns over the impact on the global economy, and in particular manufacturing, led the US Federal Reserve and the European Central Bank to reduce interest rates. Towards the end of the calendar year, a sense that a lasting trade agreement would be possible buoyed markets.

It was impossible to predict Covid-19 and its impact on the global economy. The slow realisation of the potential impact on health and economies caused some weakness in markets during late January and early February, but as the virus spread outside China to South Korea, Iran and to Italy in particular, the dawning of the consequences resulted in a collapse in share prices in the last week of February and first three weeks of March. Volatility soared together with safe-haven assets such as US Treasury bonds and gold while shares and the price of oil plummeted, the latter compounded by the initial inability of Saudi Arabia and Russia to reach an agreement to cut production. There is an apophthegm that 'markets stop panicking when governments start panicking' and we have seen a very significant fiscal and monetary response from governments and central banks around the world including a reduction by the Bank of England of the base rate to 0.1% and further UK government and sterling corporate bond purchases. This, together with an acknowledgement that social distancing can halt the spread of the virus, has brought some calm to markets but the longer term effect of the virus on the global economy is as yet unknown.

Economic data for the year prior to the virus is effectively redundant and the severe economic impact of the immediate aftermath of the virus is only now becoming clear. In the UK, GDP for the second quarter of 2020 is estimated to have fallen by a record 20.4% following a 2.2% fall in the first quarter. Bank of England forecasts suggest that GDP is not likely to exceed its level in the final quarter of 2019 until the end of 2021 yet this might well be optimistic. Domestic unemployment has increased but the true picture will only become clear once the support from temporary government furlough schemes (which have benefitted close to 10m workers) is removed with estimates pointing to a 7.5% unemployment rate by the end of the calendar year. CPI inflation was 1.0% in July and is likely to trend lower in the short term given the impact of the virus together with lower energy and VAT rates.

Overseas, the economic landscape paints a broadly similar picture, albeit not quite so bad. Global GDP is estimated to have fallen 9% in the second quarter of 2020, considerably worse than

Investment Manager's Report Continued

during the global financial crisis. In the second quarter of calendar 2020, Euro area GDP is estimated to have fallen by 12.1% and US GDP by 9.5%. A significant outlier has been the performance of the Chinese economy, which having been the first country to suffer and together with robust enforcement actions and stimulus, emerged more quickly with a strong recovery exhibiting GDP growth of 11.5% in the second quarter.

Performance

The Company generated a negative net asset value per share total return of 5.3% in the year to 30 June 2020, which represents a short term loss in absolute terms but compares to a larger fall in the benchmark FTSE All-Share Index of 13.0%. Outperformance relative to the benchmark was evenly distributed across both halves of the year as stock selection proved to be strong in an environment where the focus on quality companies proved its worth again. As we saw during the period, these high quality companies provided the ability to participate when the equity market performed well given the structural growth characteristics of the holdings yet outperformed a falling market as their strong balance sheets and robust business models demonstrated defensive attributes.

On a total return basis, the Company's share price fell by 5.8%, which reflected a marginal widening of the discount to Net Asset Value at which the shares traded compared to the previous year end. During the period the Company did not buy back any shares. On a gross assets basis, the equity portfolio outperformed the benchmark by 8.5%. Gearing reduced returns by 0.6%. The Company maintained the level of debt at a steady rate of around £46m for the period, split between £40m of Senior Secured Fixed Rate Notes at a coupon of 2.51% and £6 million drawn down from an unsecured multi-currency revolving credit loan facility agreement with Scotia Bank Europe PLC. The notes are denominated in sterling however the bank debt has been drawn down in a mixture of US dollars, euros and Swiss francs, and Danish and Norwegian krone, broadly matching the mix of non-UK-listed portfolio holdings.

Two large sectors that were particularly weak over the period were the oil and gas producers and the banks sectors. For the former, weaker oil prices, concerns around the energy transition and a greater focus on ESG proved to be a challenging series of headwinds. For the banks sector, low interest rates, impairment concerns and the deferral of dividends were barriers to performance. Conversely, the pharmaceutical and utilities sectors performed relatively strongly as investors sought to invest capital in cash-generative defensive areas of the market able to maintain their dividend payments.

Performance Attribution for the year ended 30 June 2020

	%
Net Asset Value total return for year per Ordinary share	-5.3
FTSE All Share Index total return	-13.0
Relative return	**7.7**

Relative return	**%**
Stock selection (equities)	
Oil & Gas	0.4
Basic Materials	0.4
Industrials	1.3
Consumer Goods	-0.1
Health Care	0.8
Consumer Services	-1.8
Telecommunications	0.3
Utilities	0.2
Technology	1.8
Financials	1.8
Total stock selection (equities)	**5.1**
Asset allocation (equities)	
Oil & Gas	2.5
Basic Materials	0.2
Industrials	-0.2
Consumer Goods	-0.6
Health Care	0.7
Consumer Services	0.2
Telecommunications	-0.2
Utilities	0.6
Technology	-0.2
Financials	0.4
Total asset allocation (equities)	**3.4**
Cash & Options	0.4
Gearing effect	-0.6
Administrative expenses	-0.2
Management fees	-0.4
Tax charge	-0.1
Residual effect	0.1
Total	**7.7**

Sources : Aberdeen Standard Investments and BNP Securities Services
Notes: Stock Selection – measures the effect of equity selection relative to the benchmark. Asset Allocation – measures the impact of over or underweighting each industry basket in the equity portfolio, relative to the benchmark weights. Gearing effect – measures the impact on relative returns of net borrowings. Administrative expenses, Management fees and Tax charge – these reduce total assets and therefore reduce performance. Share buybacks – this measures the enhancement to net asset value of buying shares at a discount to the net asset value per Ordinary share. Residual effect – this arises as a result of the different methodologies of calculating performance between the NAV total return, the benchmark provider Lipper and the performance attribution system.

From a size perspective, the FTSE 100 Index underperformed both the Mid 250 and Small Cap Index. The FTSE 350 High Yield Index significantly underperformed the FTSE 350 Low Yield index during the period.

Looking specifically at the Company's portfolio, stock selection and asset allocation were both positive, the former in particular. Stock selection was positive in all sectors apart from Consumer Goods and Consumer Services. Asset Allocation was significantly beneficial in Oil & Gas.

Turning to the individual holdings, there were a number of companies that demonstrated strong share price increases. Roche performed well given its defensive growth status aided by a series of new products and a diminished threat from generic competition that led to earnings upgrades over the year. Strong demand for its cloud products helped Microsoft to perform very robustly. Assura benefited from the quasi-government rental income for its GP surgeries helping it to perform strongly.

On the other hand, there were a series of disappointments mostly related to the impact of Covid-19: the lack of travel affected National Express and WH Smith, and the shutdown severely limited Euromoney's exhibition division's revenues (albeit a relatively modest part of the company's operations).

Portfolio Activity and Structure

Turnover of 26% was a little higher than the prior year although the number of name changes was more substantial with an increased emphasis away from the largest companies in the market and a desire to increase the active share of the portfolio which is now approximately 67%. Where possible we sought to further improve the quality of the portfolio and maintain the focus on capital and dividend growth with the period of increased volatility caused by Covid-19 providing a catalyst for many of the changes that follow.

We added fourteen new holdings to the portfolio of which nine were mid cap companies. The first was Convatec, a medical devices company with a strong position in wound and ostomy care. The company has suffered from mostly self-inflicted issues which we believe the management can cure allowing the potential for the company to take greater advantage of its attractive end-markets. The second mid cap purchase was Polypipe, a piping systems company where we believe the competitive position of the business and the regulatory growth drivers are under-appreciated. A holding in National Express was introduced to the portfolio. The company was purchased on the basis that it looked attractively valued given a number of interesting growth drivers and opportunities to increase returns.

A weak trading update provided an opportunity to purchase a holding in John Laing which through its investment and management of infrastructure and renewables projects has generated a long history of strong returns. A modest holding in Sanne, an alternatives fund administrator with attractive exposure to the growth of alternatives investments as an asset class, outsourcing and regulation with high levels of recurring revenues, high switching cost and attractive margins, was also added to the portfolio. We also purchased shares in Fever-Tree, the high quality premium tonic company which has a strong brand, an attractive capital-light business model, a strong balance sheet and exciting growth opportunity in the United States. Another mid cap new holding was Diversified Gas & Oil, a conventional natural gas producer focused on mature assets in the Appalachian region of the United States. The company has a very attractive dividend yield and benefits from low oil prices given the reduction in production of associated gas. The penultimate new mid cap was Unite, the leading student accommodation provider which benefits from strong relationships with universities with significant scope for purpose-built student accommodation to take market share from more traditional student 'digs'. Finally, in the mid cap space, we started a position in Dechra Pharmaceuticals, an international veterinary pharmaceutical company which enjoys strong fundamentals driven by growing pet ownership in emerging markets and increasing per capita spend on pets in developed markets.

There were five large cap company introductions. The first of these was Telenor, a good quality Scandinavian telecoms company with attractive emerging markets assets. A modest holding in Mowi, a Norwegian supplier of sustainable salmon was added to the portfolio. The company benefits from strong demand growth, diversified supply and an attractive dividend yield. We also purchased a holding in Mondi, a high quality cyclical paper company with a strong balance sheet, a conservative management team and with some interesting growth prospects. A holding in Total the French oil major was added to the portfolio. The company offers a relatively defensive profile given its high quality portfolio with its low oil price breakeven and long cycle upstream assets coupled with an attractive dividend yield. Finally we purchased shares in Coca Cola Hellenic, the second largest soft drink bottler of Coca-Cola product focused on Eastern Europe, Italy, Nigeria and Russia which offers good growth potential from higher volumes, premiumisation, innovation and pricing.

Investment Manager's Report Continued

Furthermore, we increased exposure to a number of our existing holdings which we believe have high quality characteristics with attractive long term growth prospects including: Diageo; Croda; Euromoney; Standard Chartered and Relx.

We sold seventeen holdings during the period. Firstly, InterContinental Hotels Group which was sold given concerns over its relatively high gearing following the Six Senses acquisition and the special dividend payment, potential cyclical pressures and the relatively low dividend yield. Nordea was sold due to our lack of confidence in the sustainability of its dividend and the pressure on earnings from weak macroeconomic conditions and low interest rates. Hiscox was sold given concerns around weak trading and a more challenging competitive environment. Given a deterioration in quality and our lack of confidence in the company's strategy and its ability to maintain its dividend, the holding in Imperial Brands was sold. The holding in St James's Place was sold due to our concerns around a more challenging regulatory environment. The position in London Stock Exchange was sold following a period of very strong share price performance that had left the valuation somewhat stretched and the balance sheet relatively highly geared assuming the potential acquisition of Refinitiv is completed. The holding in HSBC was sold given concern that the company would need to reduce its dividend due to the impact of Covid-19 and more generally very challenging trading conditions not least due to low interest rates. The small holding in Signature Aviation was sold given concerns about the company's operational and financial leverage given that Covid-19 would likely lead to a sharp fall in business jet activity. The holding in Compass was sold given concern around the impact of Covid-19 on the company's operations not least the cancellation of sporting events and the likelihood of a greater proportion of the workforce working from home, coupled with the company's weak balance sheet. We sold the small holding in Diploma given the full valuation and some concern about the cyclicality of the business given the impact of Covid-19. The impact of Covid-19 and a lack of scale led to the sale of the small holding in Hostelworld. We also sold our shares in Scandinavian Tobacco Group as we saw more attractive opportunities elsewhere. The holding in WH Smith was sold on the basis that the investment thesis had changed considerably following Covid-19 such that the company's ability to benefit from the growth of its travel assets had been curtailed and the valuation less attractive than before. Concern around the impact of higher unemployment coupled with a relatively unattractive valuation and a low dividend yield provided the basis for selling the holding in Experian. We exited the small holding in Workspace as we believe that the outlook for flexible workspace in London has deteriorated considerably given the impact of Covid-19 and it will be difficult for the company to maintain pricing and attract new clients in the medium term. Our small residual holding in Vodafone was sold given our preference for Telenor which has a more attractive geographic exposure, better growth potential and a stronger balance sheet. Finally, we sold the position in Shell given the less attractive dividend and a more challenging outlook particularly as the company negotiates the energy transition.

In addition, we took profits in a number of holdings that had performed strongly and where the valuation had started to look less attractive such as Howden Joinery, Kone, Rentokil, Novo Nordisk, Roche and Microsoft.

We continued our judicious option-writing programme with a significant bias during the period before the advent of Covid-19 towards call options. Now more than ever we feel that the option writing strategy has been of benefit to the Company by diversifying and increasing the level of income generated and providing a good discipline for optimising our exposure to individual holdings. The income from writing options increased in absolute and percentage terms accounting for approximately 10% of total income compared to 7% during the prior year.

With our longer term investment horizon, we continue to put significant effort into engagement with the companies in the portfolio to ensure that they are run in shareholders' best interests. Examples of the subjects of our engagement during the year have included issues such as board composition, diversity, experience and expertise; capital allocation and M&A activity; risk management including issues such as cyber security and data protection; and dividend and balance sheet policies; remuneration; climate change, sustainability and environmental issues; child labour; and accounting policies. 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, remuneration, and audit committees and other company representatives.

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 56 holdings with the overseas exposure representing 14.0% of gross assets.

Income

For the financial year ended 30 June 2020, the Company witnessed a fall in the level of income generated due mostly to the impact of Covid-19 in the final quarter of the financial year but part of this reduction also incorporated our desire to focus more on companies with better capital and dividend growth characteristics rather than just a high headline yield. The income from investments reduced by approximately 14% partly offset by an increase in option income leading to a fall in income generated of 11%. Included in income from investments were three special dividends (from John Laing, M&G and Rio Tinto) that were recognised as revenue items. We believe that this recognition is appropriate given that the return of cash was from a build-up of profits generated by ongoing operations rather than a sale of assets. On a per share basis, taking account of expenses and taxation, the earnings per share reduced from 34.93p to 30.50p. In a number of cases related to the impact of Covid-19, although there was an ability to pay dividends, intervention by authorities or a very prudent view on the outlook led to dividend reductions or cancellations. Given our focus on robust business models and strong balance sheets we would expect the majority of those companies in the portfolio that have cancelled or suspended their dividends to return quickly to the dividend list and in some cases to pay the suspended dividends at a later date. Forecasts suggest that for calendar year 2020 the level of dividend income paid out will fall by at least 40% across the UK market, our analysis suggests that the portfolio will materially outperform that reduction in income. We believe that for the market as a whole the outlook for dividends is likely to remain challenging given that for some companies pay-out ratios were arguably too high beforehand and Covid-19 provides the cover to reduce distributions while for other companies the primary focus will be on reducing debt rather than returning dividend payments to prior levels.

Outlook

Uncertainties abound. Although the trajectory of an economic recovery will be dependent on a range of factors including further government support, the magnitude of any second wave of the virus, the timing and availability of a vaccine, and behavioural changes, it seems likely that the post-coronavirus environment will be characterised by a long period of sub-par growth, limited inflation, low interest rates and high corporate debt. In addition, the end of the transition period for Brexit adds a further layer of ambiguity regarding our future relationship with the EU and as a consequence of those negotiations, the rest of the world. Furthermore, the outcome of the upcoming US election is too close to call. In these difficult circumstances we believe that companies with attractive dividend yields, sound growth prospects and strong balance sheets are likely to be prized more highly than ever. Therefore it seems eminently sensible to maintain our careful and measured approach to these high quality companies that should be able to thrive in this challenging environment and emerge in a stronger competitive position.

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

22 September 2020

Manager's ESG Engagement

Environmental, Social and Governance ("ESG") Engagement

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Manager embeds ESG into the research of each asset class as part of the investment process. ESG investment is about active engagement with the goal of improving the performance of assets held around the world.

The Manager aims to make the best possible investments for the Company by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the environmental, social and governance risks and opportunities they present – and how these could affect longer-term performance. ESG considerations underpin all investment activities. With 1,000+ investment professionals, the Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction – supported by more than 50 ESG specialists around the world.

Active Engagement

Through engagement and exercising voting rights, the Manager, on behalf of the Company, actively works with companies to improve corporate standards, transparency and accountability. By making ESG central to its investment capabilities, the Manager looks to deliver improved financial performance in the longer term as well as actively contributing to a fairer, more sustainable world.

The primary goal is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to the Company. The Manager sees ESG factors as being financially material and impacting corporate performance. ESG factors put the 'long-term' in long-term investing. The Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions. The Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from the investments. This helps to enhance the value of clients' assets. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better long term performance for clients.

Investment Case Studies

LondonMetric Property

LondonMetric Property is a property company formed following the merger of London & Stamford and Metric Property in 2013. Since then the company has moved away from retail parks and offices and focused on distribution (particularly urban and regional logistics) and 'long income' which, for example, comprises convenience stores. Urban and regional logistics has benefited from the rise of ecommerce with e-tailing requiring three times the space of store based sales. The purchase of A&J Mucklow in 2019 has further enhanced the company's property portfolio. Strong occupier and property relationships shape portfolio decisions with the management team keeping close to their tenants in order to anticipate changing needs. Supply is relatively constrained as the most favourable logistics sites are already occupied. Furthermore, customers tend to be loyal as restructuring supply chains carries significant risk. The company benefits from an experienced management team who are aligned with shareholders. It has modest gearing, a long average lease length and its REIT status provides tax-exemption on profits. It aims to deliver attractive and dependable income returns and enhance capital for which it has generated a strong track record.

Croda International

Croda International is a specialty chemicals company focused on natural ingredients and technologies that improve people's lives by enhancing everyday products. The company operates globally selling primarily into three sectors: Personal Care, Life Sciences and Performance Technologies. Most of the end-markets are defensive but offer exposure to attractive long term growth trends such as beauty, health, wellbeing and sustainability. The company's pricing power allows an attractive margin given its intellectual property and the relatively low cost yet high importance of its products. Croda's business model is further enhanced by its strong customer intimacy, preferring direct sales rather than distributors as well as its capital light model. It benefits from a diverse product portfolio and a broad and extensive range of customers. The company has a low operating leverage given its low fixed cost base. The earnings resilience, strong cashflow and low financial leverage are also appealing attributes.

Overview of Strategy

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

Business Model

The Company is governed by a Board of Directors (the "Board"), all of whom are non-executive, and has no employees. The Board is responsible for determining the Company's investment objective and investment policy. Like other investment companies, the day-to-day investment management and administration of the Company is outsourced by the Board to an investment management group, the Standard Life Aberdeen Group, and other third party providers. The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML", the "Manager", or "AIFM") as its alternative investment fund manager, which has in turn delegated certain responsibilities, including investment management, to Aberdeen Asset Management Limited ("AAML" or the "Investment Manager"). The Company complies with the investment policy test in Section 1158 of the Corporation Tax Act 2010 which permits the Company to operate as an investment trust.

Investment Objective

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

Investment Policy

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

Delivering the Investment Policy

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

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

Investment Limits

The Board sets investment guidelines within which the Investment Manager must operate. The portfolio typically comprises between 30 and 70 holdings (but without restricting the Company from holding a more or less concentrated portfolio from time to time). The Company may invest up to 100% of its gross assets in UK-listed equities and other securities and is permitted to invest up to 20% of its gross assets in other overseas-listed equities and securities. The Investment Manager may invest in any market sector, however, the top five holdings may not exceed 40% of the total value of the portfolio and the top three sectors represented in the portfolio may not exceed 50%. The Company may invest no more than 15% of its gross assets in other listed investment companies (including investment trusts).

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

Gearing

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

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 27.
Share price (total return)*	The figures for share price (total return) for this year and for the past three, five and ten years, as well as for the NAV (total return) per share, are shown on page 27. A graph showing share price total return performance against the FTSE All-Share Index over the past five years is shown on page 27. The Board also monitors share price performance relative to open-ended and closed-ended competitor products, taking account of differing investment objectives and policies pursued by those products.
Discount/premium to NAV*	The discount/premium at which the Company's share price trades relative to the NAV per share is closely monitored by the Board. A graph showing the discount/premium over the last five years is shown on page 27.
Earnings and dividends per share	The Board aims to meet the 'high and growing' element of the Company's investment objective by developing revenue reserves sufficient to support the payment of a growing dividend; figures may be found in Results on page 26 in respect of earnings and dividends per share, together with the level of revenue reserves, for the current year and previous year.
Ongoing charges*	The Board regularly monitors the Company's operating costs and their composition with a view to limiting increases wherever possible. Ongoing charges for this year and the previous year are disclosed in Results on page 26.

Principal Risks and Uncertainties

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

The key, principal uncertainty for the Company emerging during the second half of the Company's financial year was the outbreak of the Covid-19 pandemic ("Covid-19") which caused significant economic disruption and contributed to global stock market volatility. The longer term effects of Covid-19 are as yet unknown. The Manager, on behalf of the Board, sought assurances from the Company's key service providers, as well as from its own operations, that they had invoked business continuity procedures and appropriate contingency arrangements to ensure that they remain able to meet their contractual obligations to the Company.

In carrying out the assessment, the Board also considered the uncertainty arising from the end of the transition period on 31 December 2020 for the UK leaving the EU ("Brexit"). Overall, the Board does not expect the Company's business model, over the longer term, to be materially affected by Brexit.

Overview of Strategy Continued

Principal Risk	Mitigating Action
STRATEGIC	
Discount control risk Investment trust shares tend to trade at discounts to their underlying NAVs, although they can also trade at premium. Discounts and premiums can fluctuate considerably leading to more volatile returns for shareholders.	The Board monitors the discount at which the Company's shares trade and will buy back or issue shares to try to minimise the impact of any discount or premium volatility. Whilst these measures seek to reduce volatility, they cannot guarantee to do this.
Gearing risk The Company uses credit facilities. These arrangements increase the funds available for investment. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental.	Gearing is monitored and strict restrictions on borrowings are imposed: gearing continues to operate within pre-agreed limits so as not to exceed 25% of NAV at the time of draw down.
MARKET	
Market risk Market risk arises from the volatility in prices of the Company's investments and the potential loss the Company could suffer through realising investments following negative market movements. Changes in general economic and market conditions, such as interest rates, exchange rates and rates of inflation, as well as political events and trends could substantially and adversely affect the prices of securities and, as a consequence, the Company's prospects and share price. The risk posed by Covid-19, in driving stock market volatility and uncertainty, is currently considered to be particularly heightened. This emerged in the second half of the year under review and is likely to remain for the foreseeable future.	The Company's investment policy and risk diversification may be found on page 18. The Board considers the diversification of the portfolio, asset allocation, stock selection and levels of gearing on a regular basis. The Board also monitors the Company's relative performance to peers and the Company's benchmark. It is not possible to predict fully the impact that Brexit would have on the Company as regards stockmarkets and exchange rate risks, however, the Board and Manager continue to monitor external events to try to ensure that the Company is prepared for any aftermath of a deal not being reached between the UK and European Union.

Principal Risk	Mitigating Action
INVESTMENT MANAGEMENT	
Investment management risk The Company relies on the Manager, to whom responsibility for the management of the Company has been delegated under a management agreement (further details of which are set out on page 39).	The Board has set investment limits and guidelines. The Board reviews the compliance with these limits. The Company reviews the performance of the Manager informally at each Board meeting and a formal annual review is undertaken by the Management Engagement Committee.
Dividend risk There is a risk that the Company fails to generate sufficient income from its investment portfolio to meet the Company's dividend requirements. A cut in the dividend of the Company would likely cause a drop in the share price and would end the Company's "Dividend Hero" status.	The Board reviews monthly detailed estimates of revenue income and expenditure prepared by the Manager and, if required, challenges the Manager as to the underlying assumptions made in individual securities' earnings and the Company's expenditure. The Company's level of revenue reserves is monitored and can be added to in years of surplus, or used to support the dividend in years where there is a revenue deficit. As set out on page 44, the Board is seeking approval from shareholders at the forthcoming AGM to permit dividends to be paid from capital in order to provide 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.

Overview of Strategy Continued

Principal Risk	Mitigating Action
OPERATIONAL	
Service provider risk In common with most other investment trust companies, the Company relies on the services provided by third parties and is dependent on the control systems of the Manager (who acts as investment manager, company secretary and maintains the Company's assets, dealing procedures and accounting records); BNP Paribas Securities Services (who acts as Depositary and Custodian); and the registrar. The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements depend on the effective operation of the systems of these third party service providers. Failure by any service provider to carry out its obligations could have a material adverse effect on the Company's performance. Disruption, including that caused by information technology ("IT") breakdown or other cyber-related issue, could prevent the functioning of the Company or the accurate reporting and monitoring of the Company's financial position.	Contracts with third party providers are entered into after appropriate due diligence. Thereafter the performance of each provider is subject to an annual review by the Audit Committee. The Depositary reports to the Audit Committee at least annually, including on the Company's compliance with AIFMD. The Manager also regularly reviews the performance of the Depositary. Global assurance reports are obtained from the Manager, BNP Paribas Securities Services and the registrar. These are reviewed by the Audit Committee. The reports include an independent assessment of the effectiveness of risks and internal controls at the service providers including their planning for business continuity and disaster recovery scenarios, together with their policies and procedures designed to address the risks posed to the Company's operations by cyber-crime. The Audit Committee receives an update on the Manager's IT resilience. The Company's assets are subject to a strict liability regime and, in the event of a loss of assets, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.

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

Other Risks	Mitigating Action
Financial risk The Company's investment activities expose it to a variety of financial risks which include market risk (covering interest rate, foreign currency and other price risk), liquidity risk and credit risk (including counterparty risk).	Details of these risks are disclosed in note 17 together with the policies and procedures for mitigating and monitoring these risks.
Emerging risk Failure to have in place procedures that assist in identifying emerging risks. This may cause reactive actions rather than being pro-active and, in the worst case, could cause the Company to become unviable or otherwise fail.	The Board regularly reviews all risks to the Company, including emerging risks, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events.

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

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 19 to 22;
· the relevance of the Company's investment objective, particularly in light of the present lower yield environment;
· the demand for the Company's shares indicated by the level of premium and/or discount;
· the level of income generated by the Company's portfolio as compared to its expenses;
· the overall liquidity of the Company's investment portfolio;
· the likelihood of the Company being able to continue to meet the covenants under its current borrowing arrangements, and the covenants attaching to any replacement borrowing arrangements, over the next five years;
· the £40m senior loan notes, which are repayable in November 2027; and
· any requirement for the Company to repay or refinance the drawn-down element of its £20 million bank loan facility prior to, or at, its maturity in November 2020.

In making this assessment, the Board has considered in particular the potential short and longer term impact of Covid-19, in the form of a large economic shock, a period of increased stock market volatility and/or markets at depressed levels, a significant reduction in the liquidity of the portfolio or changes in investor sentiment or regulation, and how these factors might affect the Company's prospects and viability in the future. The Board undertook scenario analysis in reaching its conclusions, including the potential for lower dividend income in the future as companies suspended or cancelled dividends, but recognising that the Company's expenses are significantly lower than its total income.

The Directors have considered the Company's future with or without the proposed combination with Perpetual Income and Growth Investment Trust plc ("PLI") and do not consider that either outcome would affect their conclusions as to the Company's viability and going concern. Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Report.

Performance, Financial Position and Outlook

A review of the Company's activities and performance during the year ended 30 June 2020, including future developments, is set out in the Chairman's Statement and in the Investment Manager's Report. These cover market background, investment activity, portfolio strategy, dividend policy, gearing and investment outlook. A comprehensive analysis of the portfolio is provided on pages 29 to 33 while the full portfolio of investments is published monthly on the Company's website. The Company's Statement of Financial Position on page 61 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 £20 million bank loan and the £40 million of 10 year senior loan notes. Details of these are shown in notes 12 and 13 respectively.

The future strategic direction and development of the Company is regularly discussed as part of Board meeting agendas. The Board also considers the Manager's promotional strategy for the Company, including effective communications with shareholders. As set out in the Chairman's Statement on pages 7 and 8, the proposed combination with PLI, if approved by shareholders, will be the key corporate development during the Company's year ended 30 June 2021.

Environmental, Social and Human Rights Issues

The Company has no employees and, accordingly, there are no disclosures to be made in respect of employees. The Company's environmental, social and governance policy is outlined on page 16. Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and therefore the Company does not consider it appropriate to set diversity targets. At 30 June 2020, there were three male Directors and three female Directors. Further information regarding the three Directors who would join the Board as a result of the proposed combination with PLI may be found on page 38.

Neil Rogan
Chairman
22 September 2020

Promoting the Success of the Company

For years ended on or after 30 June 2020, the Board has a new requirement to report how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 during the year under review. Under this requirement, the Directors have a duty to promote the success of the Company for the benefit of its members (shareholders) as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with the Company's stakeholders, and the impact of the Company's operations on the environment. In addition the Directors must act fairly between shareholders and be cognisant of maintaining the reputation of the Company. Included within this assessment is the impact on the Company of the emergence of Covid-19 since March 2020 and the need for the Directors to protect, where possible, stakeholders' interests in the face of this significant societal, economic and financial threat.

The Purpose of the Company and Role of the Board

The Company has been established as an investment vehicle for the purpose of delivering its investment objective which is set out on page 18. Investment trusts, such as the Company, are long-term investment vehicles that are typically externally-managed, have no employees, and are overseen by an independent non-executive board of directors.

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

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

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

Stakeholder	How We Engage
Shareholders	The Directors place great importance on communication with shareholders. Further details on the Company's relations with Shareholders, including its approach to the Annual General Meeting and investor relations can be found in the Directors' Report on pages 42 to 44.
Manager	The Investment Manager's Report on pages 11 to 15 details the key investment decisions taken during the year. The Board engages with the Manager at every Board meeting and receives presentations from the Investment Manager to help it to exercise effective oversight of the Investment Manager and delivery of the Company's strategy. The Board also receives regular updates from the Manager outside of these meetings. The Management Engagement Committee's monitoring of the performance of the Manager over the year is detailed on page 40.
Other Key Third Party Service Providers	The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers with the resources, controls and performance records to deliver the service required. The Board seeks to maintain constructive relationships with its key service providers (the Company's registrar, the Depositary and Broker) either directly, or through the Manager, with ongoing dialogue and formal regular meetings. The Audit Committee conducts an annual assessment of key service providers as set out in the Committee's report on page 50. In addition, as a result of Covid-19, the Board sought regular assurance that key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of Covid-19.
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

Stakeholder	How We Engage
	discretionary powers to exercise voting rights on resolutions proposed by the investee companies and reports quarterly to the Board on stewardship issues, including voting. The Board monitors investments made and divested and questions the rationale for exposures taken and voting decisions made. Information on how the Investment Manager engages with investee companies may be found on page 16.
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 holder of the Company's Senior Loan Notes, assuring compliance with lenders' covenants and providing regular updates on business activity.

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not a new requirement, and is considered as part of every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions reached during the year ended 30 June 2020.

Management of the Portfolio

During the height of Covid-19, between March and June 2020, the Board met more frequently to oversee the Company's operations during periods of stock market volatility when the portfolio value had been subject to significant fluctuations and there had been greater uncertainty over the income level that the Company might receive in the future.

Dividends Paid to Shareholders

The level, frequency and timing of dividends paid are key considerations for the Board, taking into account net earnings for the year and the Company's objective of providing shareholders with a high and growing income combined with the Company's Dividend Hero status. The total dividend of 34.25p in respect of the year and the Company's dividend policy to enable earlier payment of the fourth interim dividend reflects this and approval of the latter was proposed to shareholders for the first time at last year's AGM. In addition, to provide flexibility should it be required, the Board concluded that a resolution to enable payment of dividends from capital should be put to shareholders at the forthcoming AGM. The proposed amendment to the Articles of Association would remove the current prohibition of payment of dividends from capital; more detail is given on page 44.

Audit tender

As set out in further detail in the Audit Committee's Report on page 51, the Directors undertook an audit tender in August 2019, after which it was agreed to recommend to shareholders that PricewaterhouseCoopers LLP be appointed auditor, in succession to EY.

Directorate

The Board has continued to progress its succession plans during the year resulting in the decision to appoint Merryn Somerset Webb as an independent non-executive director on 7 August 2019. Further details are included in the Chairman's statement. Shareholder interests are best served by ensuring a smooth and orderly succession for the Board which serves to provide continuity and maintain the Board's open and collegiate style as well as a range of diversity and experience.

Long Term Investment

The investment Manager's investment process seeks to outperform over the longer term. The Board has in place the necessary procedures and processes to continue to promote the long term success of the Company. The Board will continue to monitor, evaluate and seek to improve these processes as the Company continues to grow over time, to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations.

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

The Board devoted significant time to evaluating the benefit to the Company, and its shareholders, of the proposed combination with PLI. As set out in the Chairman's Statement on pages 7 and 8, the Board considered the best interests of shareholders in assessing the costs and benefits which would result from the proposed combination with PLI, including taking advice from the Company's independent advisers Investec Bank plc and Dentons UK and Middle East LLP.

Results and Performance

Financial Highlights

	30 June 2020	30 June 2019	% change
Shareholders' funds (£'000)	534,361	587,150	–9.0
Net asset value per Ordinary share – debt at par	808.3p	888.1p	–9.0
Market capitalisation (£'000)	507,728	561,939	–9.6
Share price of Ordinary share	768.0p	850.0p	–9.6
Discount to net asset value on Ordinary shares – debt at par[A]	(5.0%)	(4.3%)	
Gearing (ratio of borrowing to shareholders' funds)			
Net gearing[A]	5.3%	3.1%	
Dividends and earnings			
Revenue return per share	30.5p	34.9p	–12.6
Dividends per share[B]	34.25p	34.00p	+0.7
Dividend cover[A]	0.89 times	1.03 times	
Dividend yield[A]	4.5%	4.0%	
Revenue reserves (£'000)			
Prior to payment of fourth interim dividend/final dividend[C]	22,195	25,004	
After payment of fourth interim dividend/final dividend[D]	15,915	18,393	
Operating costs			
Ongoing charges ratio[A]	0.64%	0.65%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 87 and 88.
[B] The figures for dividends per share reflect the years in which they were earned (see note 7 on pages 68 and 69).
[C] Per the Statement of Financial Position on page 61.
[D] Fourth interim dividend for the year ended 30 June 2020 of £6,280,000 (9.50p per Ordinary share). Final dividend for the year ended 30 June 2019 of £6,611,000 (10.00p per Ordinary share).

Ten Year Financial Record

Year end 30 June	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Income (£'000)	21,844	22,688	23,566	23,926	25,476	24,838	26,667	25,987	25,597	22,804
Shareholders' funds (£'000)	434,406	425,458	492,878	547,652	515,888	515,036	576,462	570,929	587,150	534,361
Per Ordinary share (p)										
Net revenue return	30.9	30.6	31.1	30.5	33.1	32.0	34.9	33.6	34.9	30.5
Dividends[A]	28.75	29.75	30.75	31.25	32.00	32.25	32.75	33.25	34.00	34.25
Net asset value	671.5	649.6	734.6	805.2	757.1	766.5	860.1	856.3	888.1	808.3

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

Performance

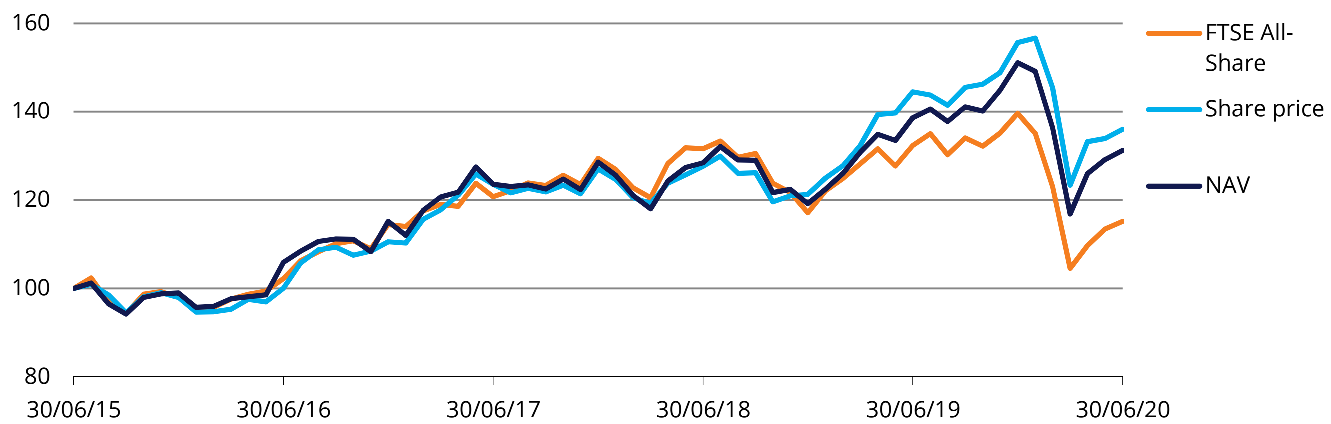
Performance (Total Return)

	1 year return %	3 year return %	5 year return %	10 year return %
Share price[A]	–5.8	+10.1	+36.1	+124.4
Net asset value per Ordinary share[A]	–5.3	+6.2	+31.3	+125.9
Benchmark[B]	–13.0	–4.6	+15.2	+91.8

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 87.
[B] FTSE All-Share Index.
Source: Aberdeen Standard Investments/Morningstar

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

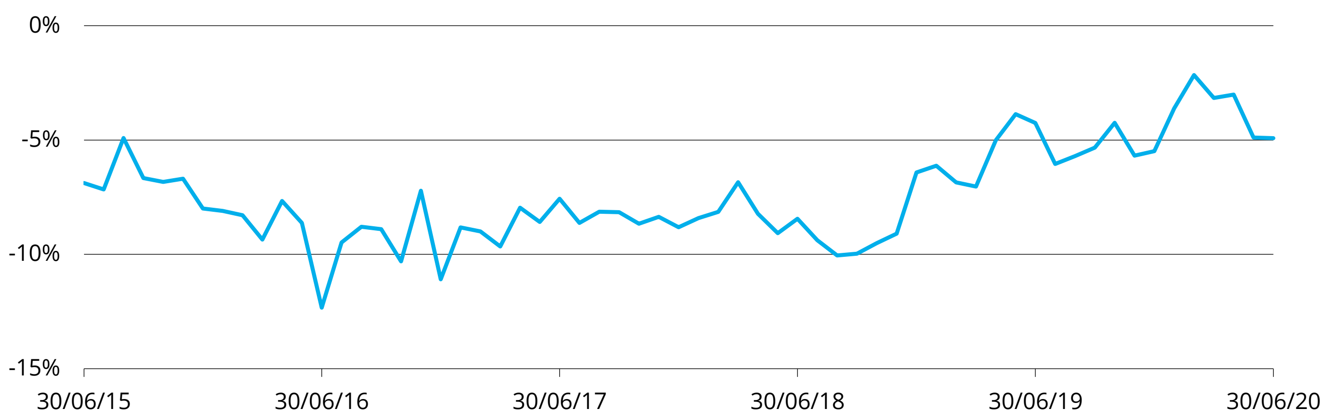
Five years ended 30 June 2020 (rebased to 100 at 30 June 2015)



Source: Morningstar & Lipper

Share Price Discount to NAV

Five years ended 30 June 2020



Source: Aberdeen Standard Investments & Lipper

Portfolio

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

Ten Largest Investments

As at 30 June 2020

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

GlaxoSmithKline
GlaxoSmithKline is a research-based pharmaceutical group that also develops, manufactures and markets vaccines, prescription and over the counter medicines, as well as health-related consumer products. The company appears undervalued and provides a generous yield.

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

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

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.

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.

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

British American Tobacco
British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and next generation products. The company offers an attractive dividend yield with scope for good growth.

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

Aveva
Aveva Group develops engineering software used primarily by companies in the oil and gas, power and marine industries. It also serves the chemical and mining segments. It maintains leading design technology, a strong market share and its combination with Schneider Electric's software business should create the foremost player in the industry.

Investment Portfolio

As at 30 June 2020

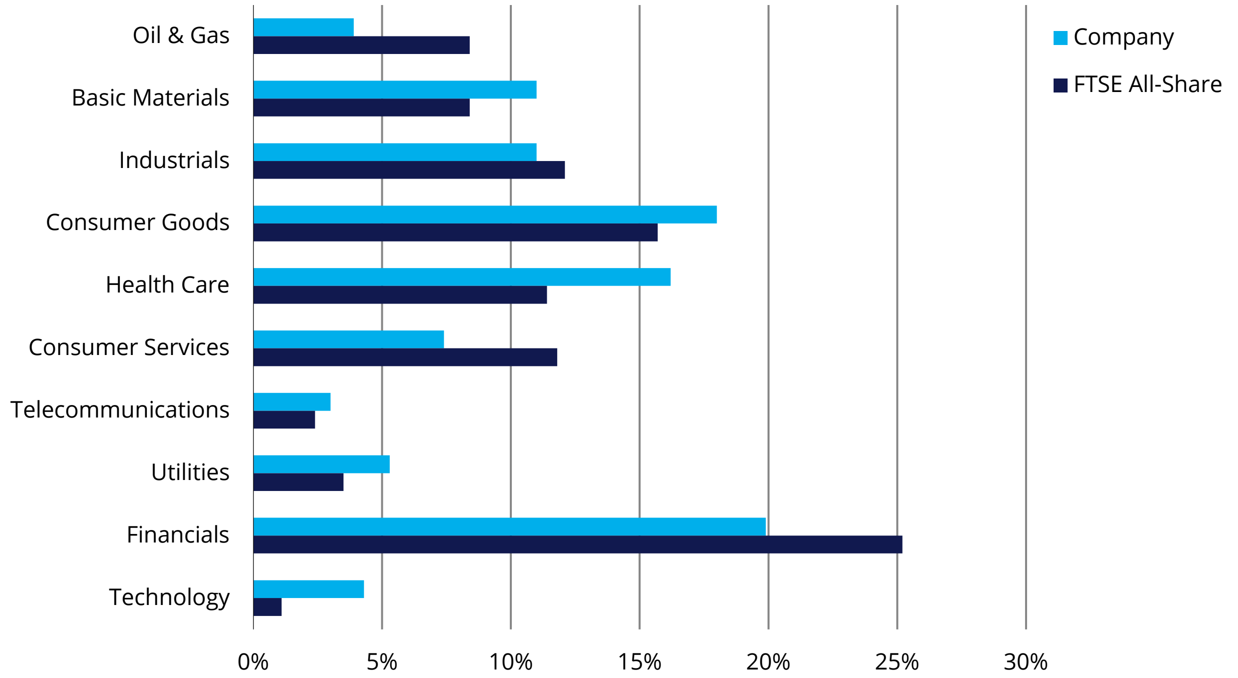
Investment	FTSE All-Share Index sector	Country	Valuation 2020 £'000	Total investments %	Valuation 2019 £'000
AstraZeneca	Pharmaceuticals & Biotechnology	UK	26,164	4.7	16,153
GlaxoSmithKline	Pharmaceuticals & Biotechnology	UK	22,537	4.0	16,892
Relx	Media	UK	21,597	3.9	18,152
Unilever	Personal Care	UK	20,577	3.7	19,916
Diageo	Beverages	UK	20,393	3.6	23,526
BHP Group	Mining	UK	20,037	3.6	22,145
Rio Tinto	Mining	UK	19,815	3.5	15,576
British American Tobacco	Tobacco	UK	17,634	3.1	10,056
National Grid	Gas, Water & Multi-utilities	UK	17,056	3.0	13,391
Aveva	Software & Computer Services	UK	16,420	2.9	17,796
Top ten investments			**202,230**	**36.0**	
Roche Holdings	Pharmaceuticals & Biotechnology	Switzerland	14,859	2.6	15,797
Assura	Real Estate Investment Trusts	UK	14,641	2.6	11,541
Close Brothers	Banks	UK	13,514	2.4	12,344
Prudential	Life Assurance	UK	13,355	2.4	20,609
SSE	Electricity	UK	12,735	2.3	7,872
Total	Oil & Gas Producers	France	12,256	2.2	–
Mondi	Forestry & Paper	UK	11,650	2.1	–
Coca-Cola HBC	Beverages	Switzerland	10,700	1.9	–
Inchcape	General Retailers	UK	10,674	1.9	12,593
Rentokil Initial	Support Services	UK	10,389	1.9	9,563
Top twenty investments			**327,003**	**58.3**	
Standard Chartered	Banks	UK	10,059	1.8	13,951
Croda International	Chemicals	UK	10,032	1.8	9,981
Nestlé	Food Producers	Switzerland	9,536	1.7	8,680
LondonMetric Property	Real Estate Investment Trusts	UK	9,475	1.7	7,558
M&G	Financial Services	UK	9,316	1.7	–
Euromoney Institutional Investor	Media	UK	9,310	1.6	9,999
Ashmore Group	Financial Services	UK	8,874	1.6	9,478
BP	Oil & Gas Producers	UK	8,682	1.5	20,355
Telenor	Mobile Telecommunications	Norway	8,555	1.5	–
Telecom Plus	Fixed Line Telecommunications	UK	8,521	1.5	8,449
Top thirty investments			**419,363**	**74.7**	

As at 30 June 2020

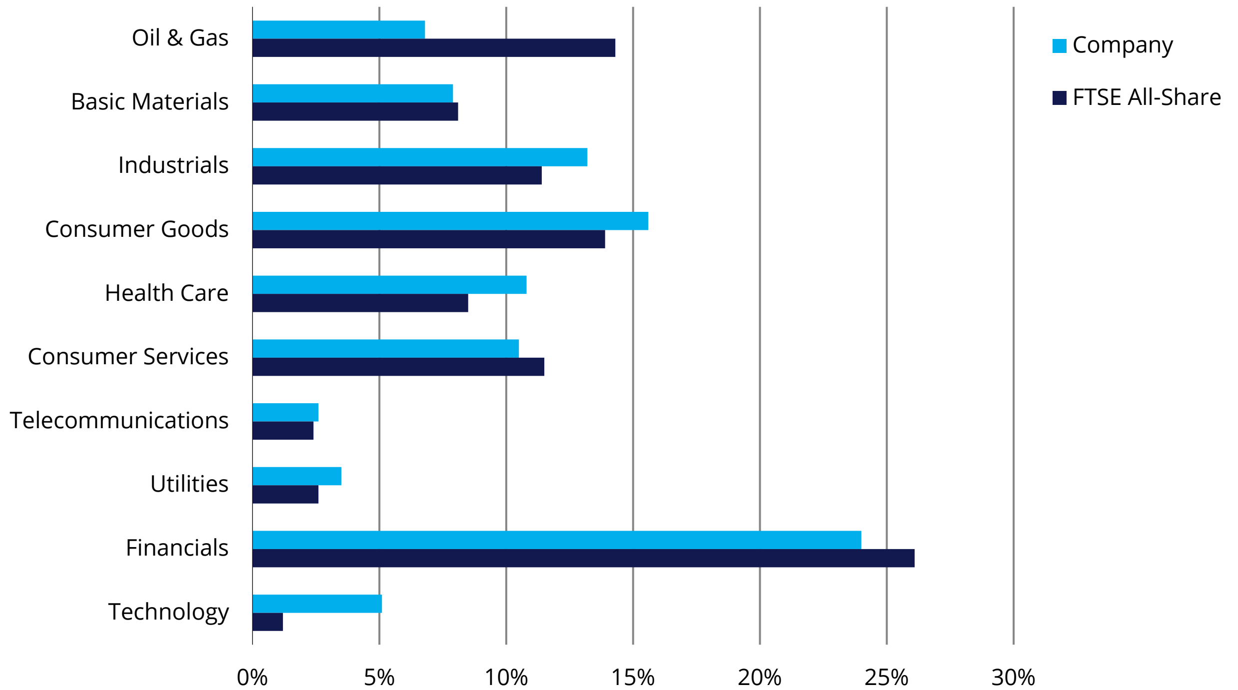
Investment	FTSE All-Share Index sector	Country	Valuation 2020 £'000	Total investments %	Valuation 2019 £'000
Smith & Nephew	Health Care Equipment & Services	UK	8,470	1.5	7,985
Kone	Industrial Engineering	Finland	8,334	1.5	9,614
Microsoft	Software & Computer Services	United States	7,887	1.4	13,101
Countryside Properties	Household Goods & Home Construction	UK	7,653	1.4	12,061
Novo-Nordisk	Pharmaceuticals & Biotechnology	Denmark	7,606	1.3	8,213
VAT Group	Industrial Engineering	Switzerland	7,449	1.3	5,591
Howden Joinery	Support Services	UK	6,744	1.2	8,682
Convatec	Health Care Equipment & Services	UK	6,478	1.2	–
Sirius Real Estate	Real Estate Investment Services	UK	6,325	1.1	1,104
XP Power	Electronic & Electrical Equipment	UK	5,985	1.1	3,779
Top forty investments			**492,294**	**87.7**	
Bodycote	Industrial Engineering	UK	5,980	1.1	7,895
Weir Group	Industrial Engineering	UK	5,839	1.0	6,575
John Laing	Financial Services	UK	5,824	1.0	–
Marshalls	Construction & Materials	UK	5,569	1.0	7,550
Big Yellow Group	Real Estate Investment Trusts	UK	5,317	0.9	8,183
Polypipe	Construction & Materials	UK	5,257	0.9	–
Standard Life UK Smaller Companies Trust	Equity Investment Instruments	UK	4,950	0.9	5,048
Dechra Pharmaceuticals	Pharmaceuticals & Biotechnology	UK	4,579	0.8	–
Fever-Tree	Beverages	UK	4,225	0.8	–
Chesnara	Life Assurance	UK	4,215	0.8	4,888
Top fifty investments			**544,049**	**96.9**	
Mowi	Food Producers	Norway	3,962	0.7	–
National Express	Travel & Leisure	UK	3,295	0.6	–
Unite Group	Real Estate Investment Trusts	UK	3,135	0.6	–
Associated British Foods	Food Producers	UK	2,892	0.5	11,453
Sanne	Financial Services	UK	2,804	0.5	–
Diversified Gas & Oil	Oil & Gas Producers	UK	1,070	0.2	–
Total investments			**561,207**	**100.0**	

Sector Comparison with the Benchmark

Investments held at 30 June 2020 (percentage of portfolio)



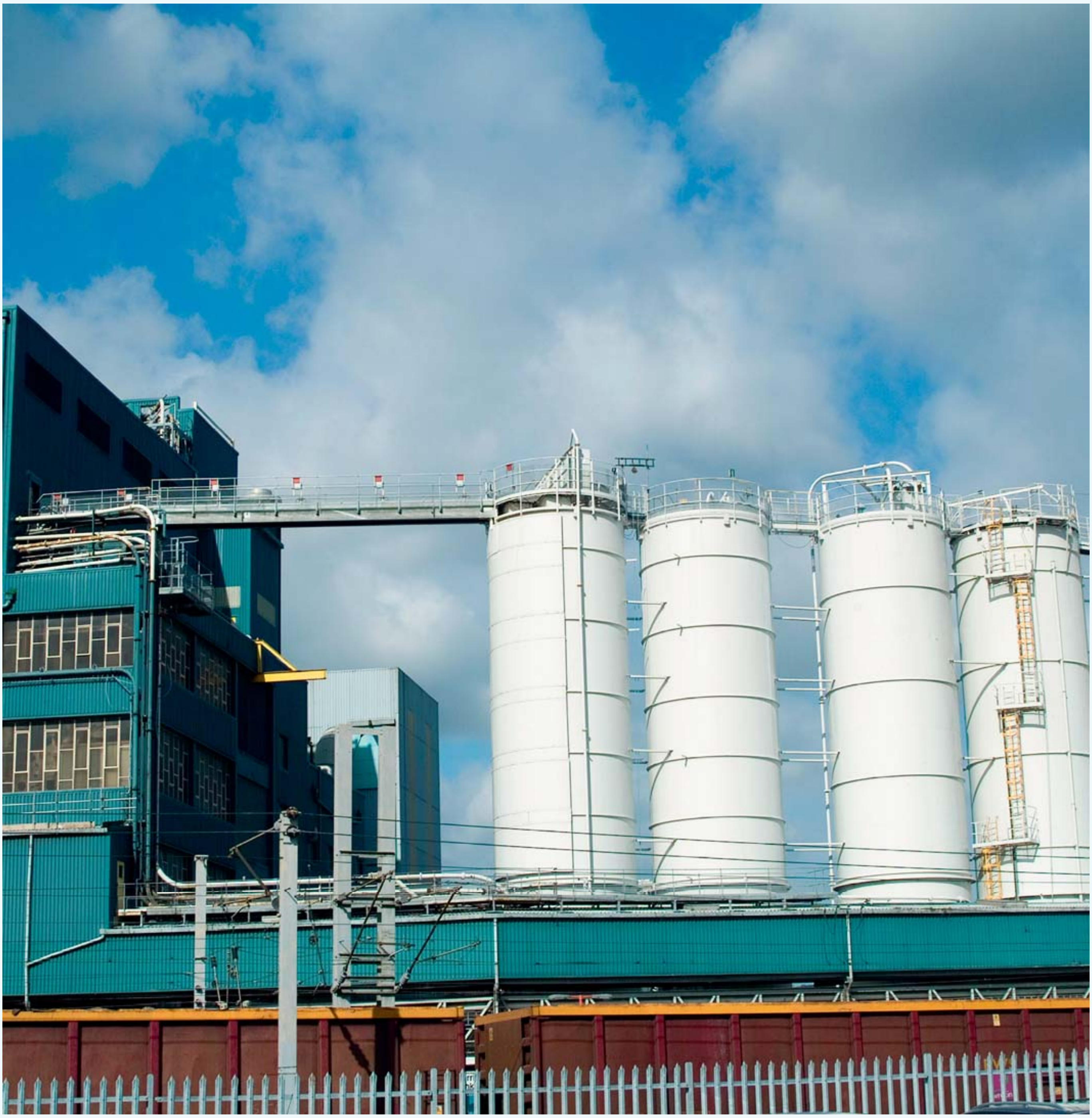
Investments held at 30 June 2019 (percentage of portfolio)



Summary of Investment Changes During the Year

Summary of Investment Changes During the Year

	Valuation 30 June 2019 £'000	%	Transactions £'000	(Losses)/gains £'000	Valuation 30 June 2020 £'000	%
Equities						
UK	530,930	88.1	(4,395)	(56,472)	470,063	83.8
Denmark	12,350	2.0	(6,636)	1,892	7,606	1.3
Finland	13,440	2.2	(6,536)	1,430	8,334	1.5
France	–	–	11,703	553	12,256	2.2
Ireland	2,747	0.5	(733)	(2,014)	–	0.0
Norway	–	–	15,530	(3,013)	12,517	2.2
Switzerland	30,069	5.0	6,797	5,678	42,544	7.6
United States	13,100	2.2	(9,955)	4,742	7,887	1.4
Total investments	**602,636**	**100.0**	**5,775**	**(47,204)**	**561,207**	**100.0**



Unilever is a global consumer goods company with a strong presence in emerging markets. It has four main divisions; Foods, Personal Care, Refreshment and Home Care. The Investment Manager believes it warrants its place as one of the Company's ten largest holdings given the strong distribution networks, well-known brands, exposure to faster growing markets, robust financial characteristics amidst a gentle tilt towards categories with more appealing longer term dynamics.

Governance

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

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

Your Board of Directors

Neil Rogan

Status:
Chairman

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

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

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

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

Jean Park

Status:
Independent Non-Executive Director

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

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

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

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

Stephanie Eastment

Status:
Independent Non-Executive Director

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

Experience and other public company directorships:
Stephanie Eastment, appointed a Director on 2 August 2018, was formerly Head of Specialist Fund Accounts and Corporate Secretariat at Invesco Perpetual. Her career spans over 30 years working in financial services including roles at UBS, Wardley Investment Services International and KPMG. She qualified while at KPMG and is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Chartered Secretaries and Administrators. She is a non-executive and audit chair of both Herald Investment Trust plc and Impax Environmental Markets plc and an independent non-executive director of RBS Collective Investment Funds Limited.

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

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

Merryn Somerset Webb

Status:
Independent Non-Executive Director

Length of service:
1 year

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

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

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

Donald Cameron

Status:
Independent Non-Executive Director

Length of service:
8 years

Experience and other public company directorships:
Donald Cameron, who was appointed a Director on 5 September 2012, qualified at the Bar of England and Wales in 2002. Having transferred to the Faculty of Advocates, he was called to the Scottish Bar in 2005. He is a director of Edinburgh Worldwide Investment Trust plc. In 2016, he was elected as a Member of the Scottish Parliament for the Highlands & Islands.

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

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

Peter Tait

Status:
Independent Non-Executive Director

Length of service:
2 years

Experience and other public company directorships:
Peter Tait, who was appointed a Director on 7 November 2017, having retired from the Nestlé Group where he was initially Head of Investments for the Nestlé UK Pension Fund and then CEO & CIO of Nestlé Capital Management. Prior to Nestlé he worked for many years in the investment management industry managing portfolios for investment trusts, pension funds and charitable foundations. During that time he was a managing director at BlackRock International and, before that, a director of Dunedin Fund Managers and a portfolio analyst at Scottish Widows Life Assurance Fund.

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

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

Prospective Directors

Georgina Field

Status:
Independent Non-Executive Director

Experience and other public company directorships:
Georgina Field is Chief Executive Officer and founder of White Marble Marketing Ltd, a marketing consultancy practice for the wealth and asset management industry. Past roles include Head of European Marketing at Aberdeen Asset Management and Marketing Director of Neptune Investment Management. She became a director of PLI on 1 May 2019.

Expected contribution:
Georgina Field's background and ongoing practice in investment marketing means she is highly attuned to how client communication and marketing strategies are evolving, particularly leveraging digital technologies. Her understanding of both best practice in this field and the competitor landscape in the financial sector is expected to be a valuable attribute for the Board.

Alan Giles

Status:
Independent Non-Executive Director

Experience and other public company directorships:
Alan Giles 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 The Business School (formerly Cass), City, University of London. He was formerly Chairman of Fat Face Group Limited, Chief Executive of HMV Group plc, Managing Director of Waterstones, and an executive director of WH Smith plc. He previously held non-executive directorships at The Competition & Markets Authority, Rentokil Initial plc, The Office of Fair Trading, Somerfield plc and Wilson Bowden Plc. He became a director of PLI on 6 November 2015.

Expected contribution:
Alan Giles' extensive boardroom experience, in the retail and other commercial sectors, is expected to broaden the Board's overall expertise.

Richard Laing

Status:
Independent Non-Executive Director

Experience and other public company directorships:
Richard Laing is Chairman of 3i Infrastructure plc and Perpetual Income and Growth Investment Trust plc. He is a non-executive director of JPMorgan Emerging Markets Investment Trust plc, Tritax Big Box REIT plc and Miro Forestry Ltd, which operates in West Africa. He was previously Chief Executive of CDC Group plc, formerly the Commonwealth Development Corporation, from 2004 to 2011, having joined the organisation in 2000 as Finance Director. Prior to CDC, he spent 15 years at De La Rue, latterly as the Group Finance Director. He previously worked in international agribusiness, at PricewaterhouseCoopers and Marks & Spencer. He has also held a number of non-executive positions across a range of sectors. He obtained an MA from Cambridge University in Engineering and is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA). He became a director of PLI on 20 November 2012 and chairman on 11 July 2017.

Expected contribution:
Richard Laing's financial and investment background, together with his experience as a chairman and director of investment companies, is expected to be of particular value to the Board.

Directors' Report

Status

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

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 July 2012. The Directors are of the opinion that the Company has conducted its affairs during the year ended 30 June 2020 so as to enable it to comply with the ongoing requirements for investment trust status.

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

Capital Structure

At 30 June 2020, the Company had 66,110,413 (2019 – 66,110,413) fully paid Ordinary shares of 25p each with voting rights in issue and an additional 2,483,045 (2019 – 2,483,045) shares in treasury. During the year no shares were bought back into treasury (2019 – 561,900).

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

Results and Dividend Policy

The financial statements for the year ended 30 June 2020 indicate a total loss attributable to equity shareholders for the year of £29,816,000 (2019 – gain of £42,574,000).

At the AGM on 5 November 2019, shareholders approved a dividend policy to pay four quarterly interim dividends per year. The first, second and third interim dividends, each of 8.25p per Ordinary share, for the year ended 30 June 2020, were paid to shareholders on 20 December 2019, 20 March 2020 and 19 June 2020, respectively.

The Company announced on 5 August 2020 the payment to shareholders on 18 September 2020 of a fourth interim dividend for the year of 9.50p per share with an ex-dividend date of 20 August 2020 and a record date of 21 August 2020. The Board is proposing renewal of the dividend policy introduced in 2019. 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 4.

Manager and Company Secretary

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

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

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

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

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

The management, secretarial and promotional activity fees paid to Standard Life Aberdeen Group companies during the year are shown in notes 4 and 5 to the financial statements.

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Strategic Report
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Directors' Report Continued

Directors

As at the date of this Report, the Board consisted of a non-executive Chairman and five non-executive Directors. Neil Rogan, Jean Park, Stephanie Eastment, Donald Cameron and Peter Tait were Directors throughout the year while Merryn Somerset Webb was appointed a Director on 7 August 2019. Jean Park is Senior Independent Director and Stephanie Eastment is Chairman of the Audit Committee.

The names and biographies of each of the Directors are shown on pages 36 and 37 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.

Subject to approval by shareholders of the proposed combination with PLI at a general meeting of the Company expected to be held in November 2020, prospective Directors Georgina Field, Alan Giles and Richard Laing will join the Board on that date, as set out in the Chairman's Statement on page 8. Thereafter, Georgina Field, Alan Giles and Richard Laing will each retire and seek election as Directors at the AGM under resolutions 11, 12 and 13. These resolutions will be withdrawn if the votes to combine the two companies are not passed by their respective shareholders. The prospective Directors' experience, skills and expected contribution to the Board is set out on page 38.

Directors' Insurance and Indemnities

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. Furthermore, each Director of the Company is entitled to be indemnified out of the assets of the Company to the extent permitted by law against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office. These rights are included in the Articles of Association of the Company and the Company has granted indemnities to each Director on this basis.

Corporate Governance

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

Board Committees

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

The Role of the Chairman and Senior Independent Director

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

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

Audit Committee

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

Management Engagement Committee

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

In monitoring the performance of the Manager, the Committee considers the investment record of the Company over the short and long term, taking into account its performance against the benchmark index, peer group investment trusts and open-ended funds, and against its delivery of the investment objective to shareholders. The Committee also reviews the management processes, risk control mechanisms and promotional activities of the Manager. As a result of these reviews, the Directors consider the continuing appointment of the Manager to be in the interests of shareholders because they believe that the Manager has the investment management, promotional and associated secretarial and administrative skills required for the effective operation of the Company.

Nomination Committee

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

The Committee's overriding priority in appointing new Directors is to identify the candidate with the optimal range of skills and experience to complement the existing Directors. The Board also recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Directors.

The Directors attended meetings during the year ended 30 June 2020 as follows (with their eligibility to attend the relevant meeting in brackets). In addition, Directors attended several ad-hoc meetings during the year.

	Scheduled Board Meetings (including strategy and Board Committee)	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
Neil Rogan	9 (9)	- (-)	2 (2)	3 (3)
Jean Park	9 (9)	4 (4)	2 (2)	3 (3)
Stephanie Eastment	9 (9)	4 (4)	2 (2)	3 (3)
Donald Cameron	9 (9)	4 (4)	2 (2)	3 (3)
Peter Tait	9 (9)	4 (4)	2 (2)	3 (3)
Merryn Somerset Webb [A]	7 (7)	3 (3)	1 (1)	2 (2)

[A] Appointed as a Director on 7 August 2019 and attended all meetings for which she was eligible.

Remuneration Committee

Directors' remuneration is considered by the Remuneration Committee which comprises the whole Board and is chaired by Jean Park. Further information may be found in the Directors' Remuneration Report on pages 46 to 48.

Accountability and Audit

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

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

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

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

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

The Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. Standard Life Aberdeen plc 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.

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Going Concern

The Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. This conclusion is consistent with the longer term Viability Statement on page 23.

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 11 to 15, including the major disruption caused by the Covid-19 pandemic ("Covid-19"), and have reviewed forecasts detailing revenue and liabilities. Notwithstanding the continuing uncertain economic outlook caused by Covid-19, the Directors are satisfied that: the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of the pandemic.

Substantial Interests

As at 30 June 2020 and 31 August 2020 the following interests over 3% in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules:

	30 June 2020		31 August 2020	
Shareholder	Number of shares held	% held	Number of shares held	% held
Aberdeen Asset Managers Limited Retail Plans	12,398,564	18.8	12,314,143	18.6
Rathbones	10,590,872	16.0	10,579,249	16.0
Hargreaves Lansdown	5,831,179	8.8	5,999,906	9.1
Interactive Investor	4,426,541	6.7	4,513,447	6.8

The above interests as at 31 August 2020 were unchanged as at the date of approval of this Report.

Environmental, Social and Governance ("ESG") Policy

The Board has a duty to act in the best interests of the Company. As an investment trust, the Company has no direct environmental, social or governance responsibilities. However, the Board recognises that to be sustainable over the long term the Company and the Manager must have regard to ethical and environmental issues that impact society at large, and has encouraged and welcomed the Manager's integration and ongoing evolving of ESG into its investment process, which is explained in more detail on page 16.

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

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

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

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

Relations with Shareholders

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

Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, company announcements, including daily net asset value announcements, all of which are available through the Company's website at: murray-income.co.uk. The Annual Report is also widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website or via Aberdeen Standard Investments' Customer Services Department (see page 96 for details).

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or Aberdeen Standard Investments) in situations where direct communication

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is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds, as appropriate, on behalf of the Board.

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

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

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Disclosures Required by FCA Listing Rule 9.8.4

The above rule requires listed companies to report certain information in a single identifiable section of their annual financial reports. None of the prescribed information is applicable to the Company in the year under review.

Future Developments of the Company

Disclosures relating to the future developments of the Company may be found on page 23 in the Overview of Strategy.

Annual General Meeting ("AGM")

Among the special business being put at the AGM of the Company to be held on 27 November 2020, the following resolutions will be proposed:

Authority to allot shares and disapply pre-emption rights (Resolutions 16 and 17)

Ordinary resolution No. 16 will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £0.8m (equivalent to approximately 3.3m 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 2021 or on 31 December 2021, whichever is earlier. This means that the authority will require to be renewed at the next AGM. This authority will not substitute or revoke the authority granted at the shareholders' meeting to issue new shares to the PLI shareholders in connection with the combination with PLI.

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. 17 will, if passed, give the Directors power to allot for cash or sell from treasury equity securities up to an aggregate nominal amount of £1.65m (equivalent to approximately 6.6m 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 2021 or on 31 December 2021, 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 16 and 17 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 18)

At the AGM held on 5 November 2019, 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

Directors' Report Continued

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. 18 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 9.9m Ordinary shares). Such authority will expire on the date of the AGM in 2021, or on 31 December 2021, 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.

Adoption of new Articles of Association (Resolution 19)
Resolution 19, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Existing Articles"). The changes include (i) allowing the Company to pay dividends from the Company's realised capital profits, (ii) enabling the Company to hold virtual and hybrid general meetings (including annual general meetings) in the future, (iii) enabling the Company to postpone annual and general meetings where it becomes impossible or impractical to hold any meeting on the scheduled date, (iv) explicitly stating the Board's powers in relation to controlling the conduct of any annual or general meeting, (v) changes in response to the requirements of the Alternative Investment Fund Managers Directive (2011/61/EU) ("AIFMD") , (vi) changes in response to the introduction of international tax regimes requiring the exchange of information and (vii) in response to developments in mental health legislation and to reflect the position in the model articles for public companies as set out in the Companies (Model Articles) Regulations 2008/3229, updating the provision relating to termination of a director's appointment on mental health grounds.

Nothing in the New Articles will prevent the Company from holding physical general meetings. The changes under (ii) are being sought in response to challenges posed by government restrictions on social interactions as a result of Covid-19, which have made it impossible for shareholders to attend physical general meetings. In the Chairman's Statement, the Board recognises that the AGM is an important occasion where shareholders can meet and ask questions of the Board and the Manager.

The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future.

While the New Articles will permit the Company to pay dividends from realised capital profits, the Investment Manager remains positive about the dividend generation from the investments and the Board does not presently intend to change its approach to the payment of dividends by utilising this new power to pay dividends out of capital. However, the Board may seek to use this power in the future where it considers it is in the best interests of shareholders to do so.

The material changes introduced in the New Articles are summarised in the appendix to the Notice of AGM on pages 94 and 95. Other changes, which are of a minor, technical or clarifying nature, have not been noted in the appendix.

Recommendation
The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole, and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings.

On behalf of the Board
Neil Rogan
Chairman

22 September 2020

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 first applicable for the Company's year ended 30 June 2020.

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

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

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

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

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

Information on how the Company has applied the AIC Code, the UK Code, the Companies Act 2006 and the FCA's DTR 7.2.6 is provided in the Directors' Report and Audit Committee's Report as follows:

- the composition and operation of the Board and its Committees are detailed on pages 40 and 41, and on pages 49 to 51 in respect of the Audit Committee;
- the Board's policy on diversity is on page 23;
- the Company's approach to internal control and risk management is detailed on pages 49 and 50;
- the contractual arrangements with, and annual assessment of, the Manager are set out on pages 39 and 40, respectively;
- the Company's capital structure and voting rights are summarised on page 39.
- the substantial interests disclosed in the Company's shares are listed on page 42;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 46. There are no agreements between the Company and its Directors concerning compensation for loss of office.
- the powers to issue or buy back the Company's ordinary shares, which are sought annually, and any amendments to the Company's Articles of Association require a special resolution (75% majority) to be passed by shareholders and information on these resolutions may be found on pages 43 and 44.

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

22 September 2020

Directors' Remuneration Report

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

(i) a Remuneration Policy, which is subject to a binding shareholder vote every three years - most recently voted on at the AGM on 6 November 2017 where the proxy votes on the relevant resolution were: For – 23,786,587 votes (98.75%); Discretionary – 60,559 votes (0.26%); Against – 229,170 votes (0.99%); and Withheld – 170,746 votes. The Remuneration Policy will be put to a shareholder vote at the forthcoming AGM in 2020;

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

(iii) an Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such. The independent auditor's opinion is included on pages 53 to 58.

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.

There have been no significant changes to the Remuneration Policy previously approved by shareholders in 2017.

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 Office

- 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.

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

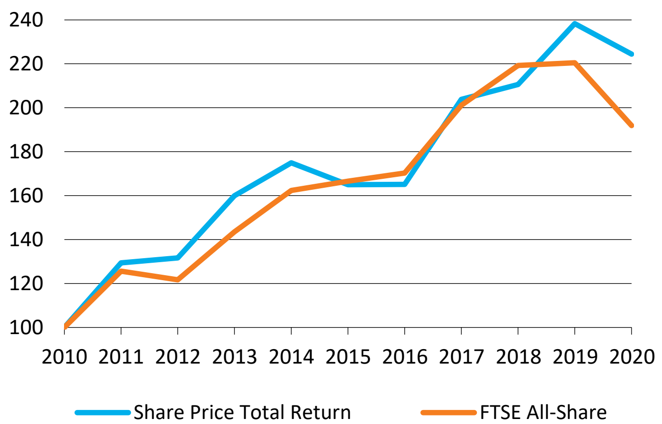
Directors’ fees were last changed on 1 July 2017. The Board carried out a review of Directors’ annual fees during the year and concluded that there should be no change to the current fees. However, from 1 July 2019, the Committee agreed that Directors can revert to claiming reimbursement of reasonable expenses which are properly incurred by them in the performance of their duties.

There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

	1 July 2020 £	1 July 2019 £
Chairman	37,500	37,500
Chairman of Audit Committee	30,000	30,000
Director	25,500	25,500

Company Performance

The graph below 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 2020 (rebased to 100 at 30 June 2010). 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 5 November 2019, shareholders approved the Directors’ Remuneration Report (other than the Directors’ Remuneration Policy) in respect of the year ended 30 June 2020 and the following proxy votes received on the relevant resolution were: For – 28,490,272 (99.51%); Discretionary – 26,525 votes (0.09%); Against – 113,240 votes (0.40%); and Withheld – 121,417 votes.

Audited Information

Fees Payable and Taxable Expenses

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

Director	30 June 2020 £	30 June 2019 £
Neil Rogan	37,500	37,500
Jean Park	25,500	27,063
Stephanie Eastment	30,000	26,244
Donald Cameron	25,500	25,500
Peter Tait	25,500	25,500
Merryn Somerset Webb [A]	22,964	n/a
David Woods [B]	n/a	8,854
Total	**166,964**	**150,661**

[A] Appointed a Director on 7 August 2019
[B] Resigned as a Director on 5 November 2018

Notes to Table: Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

The following Directors received taxable benefits during the year noting none were paid for the prior year: Donald Cameron (£740); Peter Tait (£741); and Merryn Somerset Webb (£141).

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. The total fees paid to Directors are shown in the table above.

Directors’ Remuneration Report Continued

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 2020, and 30 June 2019, had no interest in the share capital of the Company other than those interests shown below, all of which are beneficial interests, unless indicated otherwise:

	30 June 2020 Ord. 25p	30 June 2019 Ord. 25p
Neil Rogan	35,000	35,000
Jean Park	5,575	5,575
Stephanie Eastment	4,500 [A]	4,000 [A]
Donald Cameron	1,622	1,537
Peter Tait	5,000	5,000
Merryn Somerset Webb	1,236	n/a
David Woods [B]	n/a	3,000 [B]

[A] Of which 1,700 shares were held non-beneficially
[B] As at date of resignation on 5 November 2018

As at the date of approval of this Report, there were no changes to the above holdings other than Merryn Somerset Webb acquired an additional 13 shares on 13 July 2020 and Donald Cameron acquired an additional 21 shares on 21 September 2020.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 30 June 2020:

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

Jean Park
Chairman of the Remuneration Committee

22 September 2020

Audit Committee's Report

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

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

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

Role of the Audit Committee

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

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

Internal Controls and Risk Management

Through the Audit Committee, the Board is ultimately responsible for the Company's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee confirms that there is a robust process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the year ended 30 June 2020 and up to the date of approval of the Annual Report and Financial Statements, and that it is regularly reviewed by the Board and accords with the risk management and internal control guidance for directors in the Code.

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

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

Audit Committee's Report Continued

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

The principal risks and uncertainties facing the Company are identified on pages 19 and 22 of this Report.

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

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course, the Manager's compliance department continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers and the Audit Committee reviews, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations; in particular, the Board receives equivalent assurance from Link Asset Services, the Company's Registrar;
- the Board has considered the need for an internal audit function but, because the Company is externally-managed, the Board has decided to place reliance on the Manager's risk management/internal controls systems and internal audit procedures; and
- at its September 2020 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 June 2020 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 30 June 2020.

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

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

Significant Risks for the Audit Committee

During its review of the Company's financial statements for the year ended 30 June 2020, the Audit Committee considered the following significant risks including, in particular, those communicated by the auditor as key areas of audit emphasis during their planning and reporting of the year end audit:

Valuation and Existence of Investments
How the risk was addressed
The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 2 (e) to the financial statements. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 102 fair value hierarchy and can be verified against daily market prices. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the auditor. The Company used the services of an independent depositary (BNP Paribas Securities Services, London Branch) during the year under review through whom the assets of the Company were held. The depositary confirmed that the accounting records correctly reflected all investee holdings and that these agreed to custodian records.

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

External Auditor

Review of the Auditor

The Audit Committee has reviewed the effectiveness of the auditor including:

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

For the year ended 30 June 2020, 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 first 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, as Resolution 14, at the AGM on 27 November 2020.

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 (2019 - £nil).

Stephanie Eastment,
Chairman of the Audit Committee

22 September 2020

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 **www.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

22 September 2020

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 2020 and of its 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 2020; 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 from 1 July 2019 to 30 June 2020.

Our audit approach

Overview

Materiality

Overall materiality: £5.34 million, based on 1% of Net assets.

Audit Scope

- The Company is a standalone Investment Trust Company and engages Aberdeen Standard Fund Managers Limited (the "AIFM") to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at the AIFM and adopted a fully substantive testing approach using reports obtained from the AIFM.

Key Audit Matters

- Income from investments.
- Valuation and existence of listed investments.
- Consideration of impacts of COVID-19.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

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 (see page 39 of the Annual Report), 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 preparation of 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

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

inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the AIFM and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- 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 year end journal entries posted by the administrator during the preparation of the financial statements and any journals with unusual account combinations; 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 and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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.

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.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to page 50 (Audit Committee's Report), page 64 (Accounting Policies) and page 67 (Notes to the Financial Statements). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). As the Company has an Income objective, there might be an incentive to overstate income. As such, we focussed this risk on the existence/occurrence of revenue from investments, completeness of gains/losses from investments and its presentation in the Income Statement as set out in the requirements of The Association of Investment Companies' Statement of Recommended Practice (the "AIC SORP").	We assessed the accounting policy for dividend income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. No material misstatements were identified. 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. Our testing did not identify any material misstatements. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. Our procedures did not identify any material misstatements.
Valuation and existence of listed investments Refer to page 50 (Audit Committee's Report), page 65 (Accounting Policies) and page 70 (Notes to the Financial Statements). The investment portfolio at 30 June 2020 comprised listed equity investments of £561.21 million. We focused on the valuation and existence of investments because investments represent the	We tested the valuation of all the listed investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of all listed investments by agreeing the holdings of all investments to an independent confirmation from

Key audit matter	How our audit addressed the key audit matter
principal element of the net asset value as disclosed in the Statement of Financial Position in the financial statements.	the Depository, BNP Paribas Securities Services as at 30 June 2020. No material misstatements were identified from this testing.
Consideration of Impacts of COVID-19 Refer to the Chairman's Statement (page 7), Principal Risks and Uncertainties (page 19), the Viability Statement (page 23) and the Going Concern Statement (pages 41 and 42), which disclose the impact of the COVID-19 pandemic. From a small number of cases of an unknown virus in 2019, the COVID-19 viral infection has become a global pandemic. It has caused disruption to supply chains and travel, slowed global growth and caused volatility in global markets and in exchange rates during the first quarter of 2020 and to date. The coronavirus impacted global capital markets significantly in March 2020. The Company's net assets were £534.36 million at 30 June 2020. The Directors have prepared the financial statements of the Company on a going concern basis, and believe this assumption remains appropriate. This conclusion is based on the assessment that, notwithstanding the significant market uncertainties, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and that the Company and its key third party service providers have in place appropriate business continuity plans and will be able to maintain service levels through the coronavirus pandemic.	We evaluated the Directors' assessment of the impact of the COVID-19 pandemic on the Company by: Evaluating the Company's updated risk assessment and considering whether it addresses the relevant threats presented by COVID-19. Evaluating management's assessment of operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements. We obtained and evaluated the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report. We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and loan covenant compliance as well as their review of the operational resilience of the Company and oversight of key third party service providers. We assessed the disclosures presented in the Annual Report in relation to COVID-19 by: Reading the other information, including the Principal Risks and Uncertainties and Viability Statements set out in the Strategic Report, and assessing its consistency with the financial statements and the evidence we obtained in our audit. Our conclusions relating to other information are set out in the 'Reporting on other information' section of our report. Our conclusions relating to going concern are set out in the 'Conclusions relating to going concern' section below.

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.

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:

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

Overall materiality	£5.34 million
How we determined it	1% of Net assets.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for investment trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £267,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to 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 the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

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 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

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. (CA06)

The directors' assessment of the prospects of the Company and of the principal risks that would threaten the solvency or liquidity of the Company
We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 19 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 23 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their 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 their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions
We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 52, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit.
- The section of the Annual Report on page 49 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- 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.

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. (CA06)

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

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 set out on page 52, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Audit Committee, we were appointed by the members on 5 November 2019 to audit the financial statements for the year ended 30 June 2020 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

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

22 September 2020

Financial Statements

Total dividends per share increased by 0.7% to 34.25p, the 47th year of consecutive increase.

Statement of Comprehensive Income

		Year ended 30 June 2020			Year ended 30 June 2019		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	–	(47,204)	(47,204)	–	22,073	22,073
Currency (losses)/gains		–	(115)	(115)	–	18	18
Income	3	22,804	–	22,804	25,597	–	25,597
Investment management fees	4	(798)	(1,861)	(2,659)	(787)	(1,837)	(2,624)
Administrative expenses	5	(1,105)	–	(1,105)	(1,013)	–	(1,013)
Net return before finance costs and tax		20,901	(49,180)	(28,279)	23,797	20,254	44,051
Finance costs	6	(342)	(800)	(1,142)	(345)	(805)	(1,150)
Net return before tax		20,559	(49,980)	(29,421)	23,452	19,449	42,901
Taxation	8	(395)	–	(395)	(327)	–	(327)
Net return after tax		**20,164**	**(49,980)**	**(29,816)**	**23,125**	**19,449**	**42,574**
Return per Ordinary share	9	**30.5p**	**(75.6)p**	**(45.1)p**	**34.9p**	**29.4p**	**64.3p**

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 2020 £'000	As at 30 June 2019 £'000
Non-current assets			
Investments at fair value through profit or loss	10	561,207	602,636
Current assets			
Other debtors and receivables	11	4,854	7,982
Cash and cash equivalents		16,365	27,171
		21,219	35,153
Creditors: amounts falling due within one year			
Other payables		(1,494)	(4,142)
Bank loans		(6,667)	(6,601)
	12	(8,161)	(10,743)
Net current assets		13,058	24,410
Total assets less current liabilities		574,265	627,046
Creditors: amounts falling due after more than one year			
2.51% Senior Loan Notes	13	(39,904)	(39,896)
Net assets		**534,361**	**587,150**
Capital and reserves			
Share capital	14	17,148	17,148
Share premium account		24,020	24,020
Capital redemption reserve		4,997	4,997
Capital reserve		466,001	515,981
Revenue reserve		22,195	25,004
Total Shareholders' funds		**534,361**	**587,150**
Net asset value per Ordinary share	15		
Debt at par value		**808.3p**	**888.1p**

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2020 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 2020

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

For the year ended 30 June 2019

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2018		17,148	24,020	4,997	500,887	23,877	570,929
Net return after tax		–	–	–	19,449	23,125	42,574
Buyback of Ordinary shares for treasury	14	–	–	–	(4,355)	–	(4,355)
Dividends paid	7	–	–	–	–	(21,998)	(21,998)
Balance at 30 June 2019		**17,148**	**24,020**	**4,997**	**515,981**	**25,004**	**587,150**

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

Statement of Cash Flows

	Notes	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Operating activities			
Net return before finance costs and taxation		(28,279)	44,051
Increase in accrued expenses		146	36
Overseas withholding tax		(380)	(819)
Dividend income	3	(20,220)	(23,603)
Dividends received		21,418	23,928
Interest income	3	(100)	(104)
Interest received		112	97
Interest paid		(1,144)	(1,151)
Losses/(gains) on investments	10	47,204	(22,073)
Amortisation on Loan Notes	6	8	12
Foreign exchange losses on loans		115	(18)
(Increase)/decrease in other debtors		(2)	16
Stock dividends included in investment income	3	(1,209)	(341)
Net cash inflow from operating activities		17,669	20,031
Investing activities			
Purchases of investments		(177,178)	(132,687)
Sales of investments		171,725	144,100
Net cash (outflow)/inflow from investing activities		(5,453)	11,413
Financing activities			
Dividends paid	7	(22,973)	(21,998)
Buyback of Ordinary shares for treasury		–	(4,551)
Repayment of bank loans		(3,265)	(1,034)
Draw down of bank loans		3,093	1,409
Net cash outflow from financing activities		(23,145)	(26,174)
(Decrease)/increase in cash		**(10,929)**	**5,270**
Analysis of changes in cash during the year			
Opening balance		27,171	22,008
Effect of exchange rate fluctuations on cash held		123	(107)
(Decrease)/increase in cash as above		(10,929)	5,270
Closing balance		**16,365**	**27,171**

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

Notes to the Financial Statements

For the year ended 30 June 2020

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 October 2019. 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 19 to 22, including the major disruption caused by the Covid-19 pandemic, and have reviewed forecasts detailing revenue and liabilities. Notwithstanding the continuing uncertain economic outlook caused by Covid-19, the Directors are satisfied that: the Company has adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans and had, and will, be able to maintain service levels despite the ongoing impact of the pandemic. Accordingly, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

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

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

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

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

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

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

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

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

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

(e) **Valuation of investments.** The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU). All investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included in the net return for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

(f) **Cash and cash equivalents.** Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

(g) **Borrowings and finance costs.** Borrowings, which comprise 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. The finance costs, being the difference between the net proceeds of borrowings and the total amount of payments that require to be made in respect of those borrowings, accrue using the effective interest rate over the life of the borrowings and are allocated 30% to revenue and 70% to capital.

(h) **Traded options.** The Company may enter into certain derivative contracts (eg options) to gain exposure to the market. The option contracts are classified as fair value through profit or loss, held for trading, and accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value ie market value. The premium on the option (as with written options generally) is treated as the option's initial fair value and is recognised over the life of the option in the revenue column of the Statement of Comprehensive Income along with fair value changes in the open position which occur due to the movement in underlying securities. Losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income as they arise. Where the Company enters into derivative contracts to manage market risk, gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

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

Notes to the Financial Statements Continued

(j) Nature and purpose of reserves

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

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p. 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 movement 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) above. This reserve is distributable by way of share buybacks; it is not distributable by way of dividend. 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 £466,001,000 as at 30 June 2020.

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

(k) Treasury shares. When the Company buys back the Company's equity share capital as treasury shares, the amount of the consideration paid, including directly attributable costs and any tax effects, is recognised as a deduction from equity. When these shares are sold or reissued subsequently, the net amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.

(l) Dividends payable. Final dividends are recognised from the date on which they are approved by Shareholders. Interim dividends are recognised when paid. Dividends are shown in the Statement of Changes in Equity.

(m) Foreign currency. Transactions in foreign currencies are converted to Sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the Statement of Financial Position date. Exchange gains and losses are taken to the Statement of Comprehensive Income as a capital or revenue item depending on the nature of the underlying item.

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

3. Income

	2020 £'000	2019 £'000
Income from investments		
UK dividends (all listed):		
– ordinary	14,903	17,693
– special	434	848
Property income dividends	675	792
Overseas dividends (all listed)	2,999	3,929
Stock dividends	1,209	341
	20,220	23,603
Other income		
Deposit interest	100	104
Stock lending income	12	22
Traded option premiums	2,472	1,868
	2,584	1,994
Total income	**22,804**	**25,597**

Special dividends of £1,331,000 (2019 – £1,654,000) have also been recognised in capital, making a total of £1,765,000 (2019 – £2,501,000) special dividends for the year.

During the year, the Company received premiums totalling £2,472,000 (2019 – £1,868,000) in exchange for entering into derivative transactions. At the year end there were no open positions (2019 – same).

4. Investment management fee

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	**798**	**1,861**	**2,659**	787	1,837	2,624

The management fee is based on 0.55% per annum for net assets up to £350 million, 0.45% per annum on the next £100 million of net assets and 0.25% per annum for net assets over £450 million, calculated and paid monthly. The fee has been allocated 30% to revenue and 70% to capital. The management agreement is terminable on three months' notice. The fee payable to ASFML at the year end was £427,000 (2019 – £446,000).

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 one such commonly managed fund, Standard Life UK Smaller Companies Trust PLC, at the year end which was valued at £4,950,000 (2019 – £5,048,000).

Notes to the Financial Statements Continued

5. Administrative expenses

	2020 £'000	2019 £'000
Shareholders' services[A]	490	424
Directors' remuneration[B]	167	151
Secretarial fees[C]	90	90
Auditor's remuneration:		
– fees payable to the Company's auditor for the audit of the Company's annual accounts	29	24
Other expenses	329	324
	1,105	**1,013**

[A] Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £407,000 (2019 – £349,000) was paid to Aberdeen Standard Fund Managers Limited ("ASFML") under a delegation agreement with ASFML to cover promotional activities during the year. There was £229,000 (2019 – £76,000) due to ASFML in respect of these promotional activities at the year end.

[B] Refer to Directors' Remuneration Report on pages 46 to 48 for further details.

[C] Payable to ASFML, balance outstanding of £23,000 (2019 – £23,000) at the year end.

With the exception of Auditor's remuneration for the statutory audit, all of the expenses above include irrecoverable VAT where applicable. The Auditor's remuneration for the statutory audit excludes VAT amounting to £6,000 (2019 – £5,000).

6. Finance costs

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdraft interest	39	91	130	40	94	134
Senior Loan Notes	301	703	1,004	301	703	1,004
Amortised Senior Loan Note issue expenses	2	6	8	4	8	12
	342	**800**	**1,142**	**345**	**805**	**1,150**

Finance costs are allocated 30% to revenue and 70% to capital.

7. Ordinary dividends on equity shares

		2020		2019
	Rate	£'000	Rate	£'000
Final previous year	10.00p	6,611	9.25p	6,131
First interim current year	8.25p	5,454	8.00p	5,289
Second interim current year	8.25p	5,454	8.00p	5,289
Third interim 2020 current year	8.25p	5,454	8.00p	5,289
		22,973		**21,998**

The fourth interim dividend for 2020 has not been included as a liability in these financial statements as it was not paid until after the reporting date.

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Section 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £20,164,000 (2019 – £23,125,000).

		2020		2019
	Rate	£'000	Rate	£'000
Three interim dividends of 8.25p each (2019: 8.00p)	24.75p	16,362	24.00p	15,867
Fourth interim dividend	9.50p	6,280	10.00p	6,611
	34.25p	**22,642**	**34.00p**	**22,478**

The amount reflected above for the cost of the fourth interim dividend for 2020 is based on 66,110,413 Ordinary shares, being the number of Ordinary shares in issue at the date of this Report.

8. Taxation

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Overseas tax incurred	709	–	709	823	–	823
Overseas tax reclaimable	(314)	–	(314)	(496)	–	(496)
Total tax charge for the year	**395**	**–**	**395**	**327**	**–**	**327**

(b) Factors affecting the tax charge for the year. The UK corporation tax rate is 19% (2019 – 19%). The tax charge for the year is lower than the corporation tax rate (2019 – same). The differences are explained below:

	2020			2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	**20,559**	**(49,980)**	**(29,421)**	**23,452**	**19,449**	**42,901**
Net return multiplied by the standard rate of corporation tax of 19% (2019 – 19%)	3,906	(9,496)	(5,590)	4,456	3,695	8,151
Effects of:						
Non-taxable UK dividends	(2,914)	–	(2,914)	(3,523)	–	(3,523)
Non-taxable stock dividends	(154)	–	(154)	(39)	–	(39)
Non-taxable overseas dividends	(597)	–	(597)	(747)	–	(747)
Expenses not deductible for tax purposes	1	–	1	2	–	2
Movement in unutilised management expenses	(242)	505	263	(149)	502	353
Realised and unrealised losses / (gains) on investments held	–	8,969	8,969	–	(4,194)	(4,194)
Currency movements not taxable	–	22	22	–	(3)	(3)
Overseas tax payable	395	–	395	327	–	327
Total tax charge	**395**	**–**	**395**	**327**	**–**	**327**

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 £66,866,000 (2019 – £65,478,000). A deferred tax asset at the standard rate of corporation of 19% (2019 – 19%) of £12,705,000 (2019 – £12,441,000) has not been recognised and these expenses will only be utilised if the Company has profits chargeable to corporation tax in the future. It is considered too uncertain that the Company will generate such profits and therefore no deferred tax asset has been recognised.

9. Return per Ordinary share

	2020		2019	
	£'000	p	£'000	p
Returns are based on the following figures:				
Revenue return	20,164	30.5	23,125	34.9
Capital return	(49,980)	(75.6)	19,449	29.4
Total return	**(29,816)**	**(45.1)**	**42,574**	**64.3**
Weighted average number of Ordinary shares in issue		**66,110,413**		**66,207,141**

10. Investments at fair value through profit or loss

	2020 £'000	2019 £'000
Opening book cost	447,473	415,334
Opening investment holdings gains	155,163	174,318
Opening fair value	602,636	589,652
Analysis of transactions made during the year		
Purchases at cost	175,595	134,698
Sales proceeds received	(169,820)	(143,787)
(Losses)/gains on investments	(47,204)	22,073
Closing fair value	**561,207**	**602,636**
Closing book cost	461,306	447,473
Closing investment gains	99,901	155,163
Closing fair value	**561,207**	**602,636**

(Losses)/gains on investments	2020 £'000	2019 £'000
Realised gains on sale of investments at fair value	8,058	41,228
Net movement in investment holdings gains	(55,262)	(19,155)
	(47,204)	**22,073**

The Company received £169,820,000 (2019 – £143,787,000) from investments sold in the year. The book cost of these investments when they were purchased was £161,761,000 (2019 – £102,221,000). 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 2020, financial assets comprising shares were pledged with Credit Suisse as part of the option writing programme. The liability of collateral held at the year end was £nil as no open positions existed (2019 – nil). The collateral position is monitored on a daily basis, which then determines if further assets are required to be pledged over and above those already pledged.

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:

	2020 £'000	2019 £'000
Purchases	680	704
Sales	82	45
	762	**749**

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

Stock lending	2020 £'000	2019 £'000
Aggregate value of securities on loan at the year end	–	10,301
Maximum aggregate value of securities on loan during the year	26,479	49,867
Fee income from stock lending	12	22

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

All stocks lent under these arrangements are fully secured by collateral. The value of the collateral held at 30 June 2020 was £nil (2019 – £11,319,000).

11. Other debtors and receivables

	2020 £'000	2019 £'000
Amounts due from brokers	2,610	4,514
Prepayments and accrued income	2,244	3,468
	4,854	**7,982**

Notes to the Financial Statements Continued

12. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Other creditors	960	816
Amounts due to brokers	534	3,326
Bank loans	6,667	6,601
	8,161	**10,743**

On 8 November 2017 the Company entered into a three year £20,000,000 multi-currency unsecured revolving bank credit facility agreement with Scotiabank Europe PLC, committed until 6 November 2020. 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 2020, the Company had drawn down the following amounts from the facility, all with a maturity date of 15 July 2020:

		2020		2019
	Currency	£'000	Currency	£'000
Swiss Franc at an all-in rate of 0.85%	3,000,000	2,562	3,360,000	2,708
Euro at an all-in rate of 0.85%	1,800,000	1,636	3,200,000	2,863
Norwegian Krone at an all-in rate of 1.01%	12,500,000	1,049	–	–
Danish Krona at an all-in rate of 0.85%	6,000,000	732	–	–
US Dollar at an all-in rate of 1.03475%	850,000	688	1,311,000	1,030
		6,667		**6,601**

At the date this Report was approved, the Company had drawn down the following amounts from the facility, all with a maturity date of 14 October 2020:

- Swiss Franc 3,000,000 at an all-in rate of 0.85%, equivalent to £2,545,000.
- Euro 1,800,000 at an all-in rate of 0.85%, equivalent to £1,647,000.
- Norwegian Krone 12,500,000 at an all-in rate of 0.98%, equivalent to £1,063,000.
- Danish Krona 6,000,000 at an all-in rate of 0.85%, equivalent to £738,000.
- US Dollar 850,000 at an all-in rate of 1.00113%, equivalent to £656,000.

Financial covenants contained within the loan agreement provide, inter alia, that the ratio of net assets to borrowings must be greater than 3.5:1 and that net assets must exceed £275 million. All financial covenants were met during the year and also during the period from the year end to the date of this report.

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

	2020 £'000	2019 £'000
2.51% Senior Loan Notes	40,000	40,000
Unamortised Loan Note issue expenses	(96)	(104)
	39,904	**39,896**

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 £275,000,000.

14. Called-up share capital

		2020		2019
	Shares	£'000	Shares	£'000
Allotted, called-up and fully-paid:				
Ordinary shares of 25p each: publicly held	66,110,413	16,527	66,110,413	16,527
Ordinary shares of 25p each: held in treasury	2,483,045	621	2,483,045	621
	68,593,458	**17,148**	**68,593,458**	**17,148**

During the year no Ordinary shares were bought back (2019 – 561,900) to be held in treasury by the Company at a total cost of £nil (2019 – £4,355,000) representing 0.0% (2019 – 0.8%) of called-up share capital. The Company's policy relating to the purchase of its own Ordinary shares is detailed on pages 43 and 44.

15. **Net asset value per Ordinary share.** The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end follow. These were calculated using 66,110,413 (2019 – 66,110,413) Ordinary shares in issue at the year end (excluding treasury shares).

	2020 Net Asset Value Attributable		2019 Net Asset Value Attributable	
	£'000	pence	£'000	pence
Net asset value – debt at par	534,361	808.3	587,150	888.1
Add: amortised cost of 2.51% Senior Loan Notes	39,904	60.4	39,896	60.4
Less: fair value of 2.51% Senior Loan Notes	(40,266)	(61.0)	(40,138)	(60.7)
Net asset value – debt at fair value	**533,999**	**807.7**	**586,908**	**887.8**

16. Analysis of changes in net debt

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

Notes to the Financial Statements Continued

	At 1 July 2018 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2019 £'000
Cash and cash equivalents	22,008	(107)	5,270	–	27,171
Debt due within one year	(6,351)	125	(375)	–	(6,601)
Debt due after more than one year	(39,884)	–	–	(12)	(39,896)
	(24,227)	**18**	**4,895**	**(12)**	**(19,326)**

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.

17. Financial instruments

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

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. As at 30 June 2020 there were no open positions in derivatives transactions (2019 – same).

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

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

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

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

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

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

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Stock selection is therefore based on disciplined accounting, market and sector analysis. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The Attribution Analysis, detailing the allocation of assets and the stock selection, is shown in the Performance Attribution table on page 12. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement on pages 7 to 10, in the Investment Manager's Report on pages 11 to 15 and in Overview of Strategy on pages 18 to 23.

The Board has agreed the parameters for net gearing, which was 5.3% of net assets as at 30 June 2020 (2019- 3.1%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

17 (a) Market risk. The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 18. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 11 to 15.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold equity investments in the portfolio in a broad spread of sectors in order to reduce the risk arising from factors specific to a particular sector. A summary of investment changes during the year under review is on page 33 and an analysis of the equity portfolio by sector is on pages 30 to 32.

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

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

Management of the risk. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions. Details of the bank loan and interest rates applicable can be found in note 12.

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

Notes to the Financial Statements Continued

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

	Floating rate		Non-interest bearing	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Danish Krone	–	70	7,606	12,350
Euro	–	–	20,590	12,361
Norwegian Krone	–	–	12,517	–
Sterling	16,365	26,900	480,762	530,930
Swedish Krona	–	–	–	3,826
Swiss Francs	–	127	31,845	30,069
US Dollars	–	74	7,887	13,100
Total	**16,365**	**27,171**	**561,207**	**602,636**

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 a fixed rate senior loan note issue, details of which are in notes 12 and 13.

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

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 2020 and net assets would increase/decrease by £97,000 (2019 – £206,000) respectively. This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances and borrowings.

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

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

Foreign currency risk exposure by currency of denomination excluding other debtors and receivables and other payables falling due within one year:

	30 June 2020			30 June 2019		
	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000	Investments £'000	Net monetary assets/ (liabilities) £'000	Total currency exposure £'000
Danish Krone	7,606	(732)	6,874	12,350	70	12,420
Euro	20,590	(1,636)	18,954	12,361	(2,863)	9,498
Norwegian Krone	12,517	(1,049)	11,468	–	–	–
Swedish Krona	–	–	–	3,826	–	3,826
Swiss Francs	31,845	(2,562)	29,283	30,069	(2,581)	27,488
US Dollars	7,887	(688)	7,199	13,100	(956)	12,144
Total	**80,445**	**(6,667)**	**73,778**	**71,706**	**(6,330)**	**65,376**

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.

	2020 £'000	2019 £'000
Danish Krone	687	1,242
Euro	1,895	950
Norwegian Krone	1,147	–
Swedish Krona	–	383
Swiss Francs	2,928	2,749
US Dollars	720	1,214
Total	**7,377**	**6,538**

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

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets to international markets and the stock selection process, as detailed in the section "Delivering the Investment Policy" on page 18, 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 2020 would have increased/decreased by £56,120,000 (2019 – £60,264,000).

Notes to the Financial Statements Continued

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

At 30 June 2020	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
Bank loans	6,667	–	–	–	6,667
Loan Notes	–	–	–	40,000	40,000
Interest cash flows on bank loans and loan notes	1,006	2,008	2,008	2,510	7,532
Cash flows on other creditors	1,494	–	–	–	1,494
	9,167	**2,008**	**2,008**	**42,510**	**55,693**

At 30 June 2019	Within 1 year £000	Within 1-3 years £000	Within 3-5 years £000	More than 5 years £000	Total £000
Bank loans	6,601	–	–	–	6,601
Loan Notes	–	–	–	40,000	40,000
Interest cash flows on bank loans and loan notes	1,008	2,008	2,008	3,514	8,538
Cash flows on other creditors	4,142	–	–	–	4,142
	11,751	**2,008**	**2,008**	**43,514**	**59,281**

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 2020 the Company utilised £6,667,000 (2019 – £6,601,000) of a £20,000,000 (2019 – £20,000,000) multi–currency revolving bank credit facility, which is committed until 6 November 2020. Details of maturity dates and interest charges can be found in note 12. The aggregate of all future interest payments at the rate ruling at 30 June 2020 and the redemption of the loan amounted to £6,669,000 (2019 – £6,605,000).

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

Management of the risk. The risk is mitigated by the Investment Manager reviewing the credit ratings of counterparties. The risk attached to dividend flows is mitigated by the Investment Manager's research of potential investee companies. The Company's custodian bank is responsible for the collection of income on behalf of the Company and its performance is reviewed by the Depositary (on an ongoing basis) and by the Board on a regular basis. It is the Manager's policy to trade only with A– and above (Long Term rated) and A–1/P–1 (Short Term rated) counterparties. The maximum credit risk at 30 June 2020 is £19,916,000 (30 June 2019 – £33,824,000) consisting of £941,000 (2019 – £2,139,000) of dividends receivable from equity shares, £2,610,000 (2019 – £4,514,000) receivable from brokers and £16,365,000 (2019 – £27,171,000) in cash held. The Company considers the credit risk relating to its stocklending activities to have been immaterial in the year under review – further information may be found on pages 80 and 81.

None of the Company's financial assets are past due or impaired (2019 – none).

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

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

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

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

The valuation techniques used by the Company are explained in the accounting policies note 2(e). The Company's portfolio consists wholly of quoted equities, all of which are Level 1.

The fair value of the senior loan note has been calculated as £40,266,000 (2019 – £40,138,000), determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time, compared to carrying amortised cost of £39,904,000 (2019 – £39,896,000).

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

19. 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 Report on pages 46 to 48.

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

20. 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 26); and

– the extent to which revenue in excess of that which is required to be distributed should be retained.

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

Notes 12 and 13 give details of the Company's bank facility agreement and loan notes respectively.

21. Subsequent events. The Company announced, on 29 July 2020, that heads of terms had been agreed for a combination of the Company with Perpetual Income and Growth Investment Trust plc, which is subject to approval by each company's shareholders and obtaining the requisite consents from each company's noteholders.

Securities Financing Transactions Disclosure

Securities Financing Transactions Disclosure

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

Absolute value of assets engaged in SFTs	£'000	% of lendable assets	% of assets under management
30 June 2020			
Securities lending	–	–	–
30 June 2019			
Securities lending	10,301	1.71%	1.75%

Top ten collateral issuers and collateral received

Based on market value of collateral received.

For all issuers, only equity securities with a main market listing were lent and the custodian was BNP Paribas.

2020	£'000	2019	£'000
N/A	–	BHP Group	408
		Toronto-Dominion Bank	402
		Walt Disney	398
		Royal Bank of Canada	393
		Amazon	393
		Bank of Montreal	391
		Bank of America	388
		Symantec	388
		Microsoft	388
		DuPont de Nemours	381
			3,930

	2020		2019	
	Market value of collateral held	Proportion held in segregated accounts	Market value of collateral held	Proportion held in segregated accounts
Collateral held per custodian	**£'000**	**%**	**£'000**	**%**
BNP Paribas	–	–	11,319	100.00

One custodian is used to hold the collateral, which is in a segregated account.

	Market value of collateral received	
Collateral analysed by currency	2020 £'000	2019 £'000
Euros	–	11,319
Total collateral received	**–**	**11,319**

Securities lending Top Ten Counterparties per type of SFT[A]	Market value of securities lending £'000	Countries of counterparty establishment	Settlement and clearing
30 June 2020			
N/A	–		
30 June 2019			
Bank of Nova Scotia	7,242	Canada	Tri-party
Citigroup	1,930	United States	Tri-party
HSBC	799	Hong Kong	Tri-party
Societe Generale	330	France	Tri-party
Total market value of securities lending	**10,301**		

[A] All counterparties are shown

Maturity Tenor of SFTs (remaining period to maturity)

30 June 2020

Securities lending

The lending and collateral transactions are on an open basis and can be recalled on demand. As at 30 June 2020 there were no securities on loan.

The Company does not engage in any re-use of collateral.

	2020		2019	
Return and cost per type of SFT	**£'000**	**%**	**£'000**	**%**
Securities lending				
Gross return	15	120.00	27	120.00
Direct operational costs (securities lending agent costs)[B]	(3)	(20.00)	(5)	(20.00)
Indirect operational costs (Investment Adviser operational costs)	–	–	–	–
Total costs	**(3)**	**(20.00)**	**(5)**	**(20.00)**
Net return	**12**	**100.00**	**22**	**100.00**

[B] The unrounded direct operational costs and fees incurred for securities lending for the 12 months to 30 June 2020 is £3,071 (2019 – £5,223)

Information about the Manager

Aberdeen Asset Managers Limited

The Company's Investment Manager is Aberdeen Asset Managers Limited, a subsidiary of Standard Life Aberdeen plc. The group's assets under management and administration were £511.8 billion as at 30 June 2020, managed for a range of clients including 23 UK-listed closed end investment companies.

The Investment Managers

Charles Luke
Investment Director

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

Iain Pyle
Investment Director

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

The Investment Process

Philosophy and Style

The Investment Manager's philosophy is that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies with attractive valuations, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, we would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio.

Risk Controls

We seek to minimise risk by our in-depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact, where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence, diversification of stocks provides our main control.

The Investment Manager's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

Investor Information

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

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

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

The periodic disclosures required to be made by ASFML under the AIFMD are set out on page 86.

Benchmark

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

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

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

Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 96.

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

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrar (see Additional Shareholder Information on page 96). 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 telephone the Aberdeen Standard Investments Customer Services Department (see Additional Shareholder Information), send an email to inv.trusts@aberdeenstandard.com or write to:

Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2020/21 tax year (2019/20 tax year - £2,000). Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

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

Aberdeen Standard Investments Plan for Children

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

Investor Information Continued

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

Aberdeen Standard Investments ISA
Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2020/21.

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

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

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

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

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

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

If you have an administrative query which relates to a direct shareholding in the Company, please contact the Registrar (see page 96 for details). If investors would like details on the Company or information on the Children's Plan, Share Plan, ISA or ISA Transfers, please e-mail
inv.trusts@aberdeenstandard.com

or telephone 0808 500 0040
or write to –
Aberdeen Standard Investments
PO Box 11020
Chelmsford
Essex CM99 2DB.

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

https://twitter.com/AberdeenTrusts

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

Literature Request Service
For literature and application forms for Aberdeen Standard Investments Children's Plan, Share Plan or ISA, please check invtrusts.co.uk or call 0808 500 4000

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

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

Suitable for Retail/NMPI Status
The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high and growing income combined with capital growth through investment in a portfolio principally of UK equities, and who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

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

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

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

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

Tel: 0800 111 6768 or
at **fca.org.uk/firms/financial-services-register**
Email: consumerqueries@fca.org.uk

Note
Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 83 to 85 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 2020.

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 6 to 25, Note 17 to the financial statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by Aberdeen Standard Fund Managers Limited (the "AIFM");
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the AIFMD Remuneration Code, the AIFM's remuneration policy in respect of its reporting period ended 31 December 2019 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 2020	1.14:1	1.17:1

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

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

Alternative Performance Measures

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

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

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

Year ended 30 June 2019		Share Price	NAV
Opening at 1 July 2018	a	784.0p	856.3p
Closing at 30 June 2019	b	850.0p	888.1p
Price movements	c=(b/a)-1	8.4%	3.7%
Dividend reinvestment[A]	d	4.8%	4.2%
Total return	c+d	**13.2%**	**7.9%**

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

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

		2020	2019
NAV per Ordinary share (p)	a	808.3	888.1
Share price (p)	b	768.0	850.0
Discount	(b-a)/a	–5.0%	–4.3%

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

		2020	2019
Revenue return per share	a	30.50p	34.93p
Dividends per share	b	34.25p	34.00p
Dividend cover	a/b	0.89	1.03

Alternative Performance Measures Continued

Dividend yield. The annual dividend of 34.25p per Ordinary share (30 June 2019 – 34.00p) divided by the share price of 768.00p (30 June 2019 – 850.00p), expressed as a percentage.

		2020	2019
Dividends per share	a	34.25p	34.00p
Share price	b	768.00p	850.00p
Dividend yield	a/b	**4.5%**	**4.0%**

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.

		2020	2019
Borrowings (£'000)	a	46,571	46,497
Cash (£'000)	b	16,365	27,171
Amounts due to brokers (£'000)	c	534	3,326
Amounts due from brokers (£'000)	d	2,610	4,514
Shareholders' funds (£'000)	e	534,361	587,150
Net gearing	(a-b+c-d)/e	5.3%	3.1%

Ongoing charges. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year.

		2020	2019
Investment management fees (£'000)	a	2,660	2,624
Administrative expenses (£'000)	b	1,105	1,013
Less: non-recurring charges[A] (£'000)	c	(105)	(20)
Ongoing charges (£'000)	a+b+c	**3,660**	**3,617**
Average net assets (£'000)	d	**570,683**	**553,095**
Ongoing charges ratio	(a+b+c)/d	**0.64%**	**0.65%**

[A] Comprises £3,000 for legal fees and £102,000 for advertising campaign costs.

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

Glossary of Terms

Standard Life Aberdeen or the Group
The Standard Life Aberdeen plc group of companies.

Aberdeen Standard Investments
A brand of the investment businesses of Standard Life Aberdeen plc.

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

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

Benchmark
FTSE All-Share Index.

FCA
The Financial Conduct Authority.

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

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

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

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 Friday 27 November 2020 at the office of Aberdeen Standard Investments in Bow Bells House, 1 Bread Street, London EC4M 9HH, for the purpose of considering and if thought fit passing the following resolutions, of which Resolutions 1 to 16 inclusive will be proposed as Ordinary Resolutions (noting that Ordinary Resolutions 11, 12 and 13 are conditional upon the combination with Perpetual Income and Growth Investment Trust PLC being implemented prior to 27 November 2020) and Resolutions 17 to 19 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 2020.
2. To receive and adopt the Directors' Remuneration Report for the year ended 30 June 2020 other than the Directors' Remuneration Policy.
3. To receive and adopt the Directors' Remuneration Policy.
4. To approve the Company's dividend policy to pay a minimum of four quarterly interim dividends per year.
5. To re-elect Donald Cameron* as a Director of the Company.
6. To re-elect Stephanie Eastment* as a Director of the Company.
7. To re-elect Jean Park* as a Director of the Company.
8. To re-elect Neil Rogan* as a Director of the Company.
9. To re-elect Merryn Somerset Webb* as a Director of the Company.
10. To re-elect Peter Tait* as a Director of the Company.
11. To elect Georgina Field* as a Director of the Company.
12. To elect Alan Giles* as a Director of the Company.
13. To elect Richard Laing* as a Director of the Company.
14. To re-appoint PricewaterhouseCoopers LLP as independent auditor of the Company.
15. To authorise the Audit Committee to fix the remuneration of PricewaterhouseCoopers LLP as independent auditor of the Company for the year ended 30 June 2021.

Special Business

Authority to Allot

16. THAT, in substitution of all existing powers, but save for all powers and authorities granted in relation to the combination with Perpetual Income and Growth Investment Trust PLC to the extent not utilised at the date of this Resolution, 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 £826,380 (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 2021, 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

17. THAT, subject to the passing of Resolution 16 proposed at the Annual General Meeting of the Company convened for 27 November 2020, and in substitution for all existing powers, save for all powers and authorities granted in relation to the combination with Perpetual Income and Growth Investment Trust PLC to the extent not utilised at the date of this Resolution, 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 16 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 2021, 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 £1,652,760 (or, if less, the number representing 10 per cent. of the total Ordinary shares in issue (excluding treasury shares) as at the date of passing of this resolution); and

(iii) shall be limited in respect of the issue of shares or the sale of equity securities from treasury in the circumstances as detailed in the section headed "Authority to allot shares and disapply pre-emption rights" in the Directors' Report on page 43 of the Annual Report of the Company for the year ended 30 June 2020 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

18. 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 9,909,950 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 2021 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.

Adoption of new Articles of Association

19. That the Articles of Association contained in the document produced to the meeting and signed by the Chairman for the purposes of identification, be approved and adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association, with effect from the conclusion of the 2020 Annual General Meeting.

1 George Street
Edinburgh
EH2 2LL
22 September 2020

By order of the Board
Aberdeen Asset Management PLC
Secretary

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

NOTES:

(i) To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 25 November 2020. 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 27 November 2020 so that their shareholding may be checked against the Company's Register of Members and attendances recorded.

Notice of Annual General Meeting Continued

(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 **www.signalshares.com** and following the instructions; or
- you may request a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 12.30pm on 25 November 2020.

(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 **www.euroclear.com/site/public/EUI**). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(x) In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12.30pm on 25 November 2020. 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 22 September 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 66,110,413 ordinary shares, carrying one vote each and 2,483,045 shares held in treasury. Therefore, the total voting rights in the Company as at 22 September 2020 are 66,110,413.

(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 **www.murray-income.co.uk**

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

(xx) The full terms of the proposed amendments to the Company's articles of association would have been made available for inspection as required under LR 13.8.10R (2) but for the Government restrictions implemented in response to Covid-19. As an alternative, a copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will instead be available for inspection on the Company's website, **www.murray-income.co.uk**, from the date of the Notice of the Annual General Meeting until the close of the meeting. These documents will also be available for inspection at the meeting venue from 15 minutes before and during the Annual General Meeting. In the event that the current restrictions related to Covid-19 are lifted before the Annual General Meeting, a hard copy of the proposed new articles of association of the Company, together with a copy of the existing articles of association of the Company marked to show the changes being proposed, will also be available for inspection at 1 George Street, Edinburgh, EH2 2LL until the close of the meeting.

(xxi) Given the risks posed by the spread of Covid-19 and in accordance with Government guidance in place at the date of this notice, physical attendance at the Annual General Meeting is unlikely to be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his sole discretion, the number of individuals in physical attendance at the meeting. If the Government guidance in place as at the date of this notice is in place at the time of the meeting, such attendance is likely to be limited to two persons. Should the Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Annual General 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 AGM to **murray.income@aberdeenstandard.com**.

Appendix to Notice of Annual General Meeting

New Articles

Summary of the principal changes to the Company's articles of association

Distribution of capital profits by way of dividend

The Companies Act 2006 (Amendment of Part 23) (Investment Companies) Regulations 2012 removed the requirement that the articles of association of an investment company must prohibit the distribution of capital profits. In compliance with the previous statutory regime, the Company currently has a provision in its articles of association which expressly prohibits the distribution of capital profits.

In the light of the amended statutory rules and in order to provide the Board with increased flexibility in relation to the payment of dividends in the future, the Board no longer considers it appropriate to have such a prohibition in the Company's articles and therefore proposes that it is removed. The proposed new articles of association (the "New Articles") therefore reflect this change and remove all references to the prohibition of the distribution of capital profits.

The Board does not presently intend to change its approach to the payment of dividends by utilising this new power to pay dividends out of capital. However, the Board may seek to use this power in the future where it considers it is in the best interests of shareholders to do so.

Virtual/hybrid general meetings

The New Articles permit the Company to hold general meetings (including annual general meetings) where shareholders are not required to attend in person but may attend and participate virtually. A meeting can be wholly virtual if attendees participate only by way of electronic means or a meeting may be "hybrid", where some attendees are based in a single physical location and others attend electronically. Certain consequential changes to facilitate this amendment have been made throughout the New Articles.

It should be noted that, while the New Articles will allow for meetings to be held and conducted in such a way that persons who are not present together at the same physical location may attend, speak and vote at the meeting by electronic means, the Directors have no present intention of holding wholly virtual meetings. These provisions will only be used where the Directors consider it is in the best interests of shareholders for a virtual or hybrid meeting to be held. Nothing in the New Articles will prevent the Company from continuing to hold physical general meetings.

Postponement of general meetings (including annual general meetings)

In order to give the Directors as much flexibility as possible in exceptional circumstances, the New Articles permit the Company to postpone any general meeting (including any annual general meeting) if the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold any such meeting on the date or at the time or place and/or through any electronic platform specified in the notice calling the general meeting,

The Alternative Investment Fund Managers Directive (2011/61/EU) ('AIFMD') and the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) (the 'AIFM Regulations')

The Board is proposing to take this opportunity to make amendments to the Company's current articles of association approved by shareholders on 6 November 2017 (the "Existing Articles") in response to the AIFMD and all applicable rules and regulations implementing that Directive. The proposed new provisions are as follows:

(i) The New Articles will amend the Existing Articles to provide that the net asset value per share of the Company shall be calculated at least annually and be disclosed to shareholders from time to time in such manner as may be determined by the Board. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

(ii) The AIFM Regulations require that prior to any new or existing investor making an investment in the Company, certain prescribed information is to be made available to them. Therefore, the New Articles will include language with the effect that such information shall be made available to prospective and existing shareholders in such manner as may be determined by the Board from time to time (including, in certain cases, on the Company's website or by electronic notice).

(iii) The New Articles stipulate that the valuation of the Company's assets will be performed in accordance with prevailing accounting standards, in line with guidance from the Financial Conduct Authority. This reflects best practice and has no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

(iv) The New Articles will amend the Existing Articles so that the Company's annual report and accounts may be prepared either in accordance with generally accepted accounting principles of the United Kingdom or such other international accounting standards as may be permitted under Scots law. The amendment will have no bearing on current practice and simply articulates the minimum requirements of the AIFM Regulations.

International tax regimes requiring the exchange of information

The Board is proposing to include provisions in the New Articles to provide the Company with the ability to require shareholders to co-operate in respect of the exchange of information in order to comply with the Company's international tax reporting obligations.

The Hiring Incentives to Restore Employment Act 2010 of the United States of America, commonly known as the Foreign Account Tax Compliance Act, and all associated regulations and official guidance ("FATCA") imposes a system of information reporting on certain entities including foreign financial institutions such as the Company following the enactment of the UK International Tax Compliance (United States of America) Regulations 2013 on 1st September 2013. These regulations have now been replaced by the International Tax Compliance Regulations 2015 (the "Regulations").

The New Articles will amend the Existing Articles to provide the Company with the ability to require shareholders to co-operate with it in ensuring that the Company is able to comply with its obligations under the Regulations in order to avoid being deemed to be a 'Nonparticipating Financial Institution' for the purposes of FATCA and consequently having to pay withholding tax to the US Internal Revenue Service. The New Articles will also amend the Existing Articles to ensure that the Company will not be liable for any monies that become subject to a deduction or withholding relating to FATCA, as such liability would be to the detriment of shareholders as a whole.

The Regulations also include the automatic exchange of information regimes brought in by the tax regulation under the OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) which requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. As a result, the Company is required to provide information annually to the local tax authority on the tax residency of a number of non-UK based certified shareholders and corporate entities.

Therefore, the New Articles will amend the Existing Articles in order to provide the Company with the ability to require shareholders to co-operate in respect of these broader obligations including its obligations under the OECD and FATCA.

Termination of a director's appointment

Finally, the Board is proposing to amend the provision in the Existing Articles that provides for automatic termination of a person's appointment as a director in circumstances where, by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have. This is in response to developments in mental health legislation and reflects the position in the model articles for public companies as set out in the Companies (Model Articles) Regulations 2008/3229.

Additional Shareholder Information

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

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

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

Website
murray-income.co.uk

Legal Entity Identifier
549300IRNFGVQIQHUI13

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

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

Investment Manager
Aberdeen Asset Managers Limited
Authorised and regulated by the Financial Conduct Authority

Registrar (for direct shareholders)
The Share Portal, operated by Link Asset Services, 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: 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)

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