# Dunedin Income Growth Investment Trust PLC

Dedicated to delivering resilient quarterly income
and long-term capital growth, year after year

Half Yearly Report
31 July 2019

## Investment Objective

The Company's objective is to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom.

## Benchmark

The Company's benchmark is the FTSE All-Share Index (total return). Performance is measured on a net asset value total return basis over the long-term.

## Visit our Website

To find out more about Dunedin Income Growth Investment Trust PLC, please visit: **dunedinincomegrowth.co.uk**

"The Investment Manager has continued to execute our strategy of reducing the Company's dependence on higher yielding, lower growth companies. As we have stated in previous reports, this strategy should enhance the Company's longer term potential for both faster dividend growth and better capital performance."

**David Barron, Chairman**

"We see little reason to shift from our conservative focus on high quality businesses and remain firm in our belief that, in the long run, the underlying strength of the Company's holdings will prevail however the economic and political headwinds develop."

**Ben Ritchie and Louise Kernohan, Aberdeen Asset Managers Limited**

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# Highlights and Financial Calendar

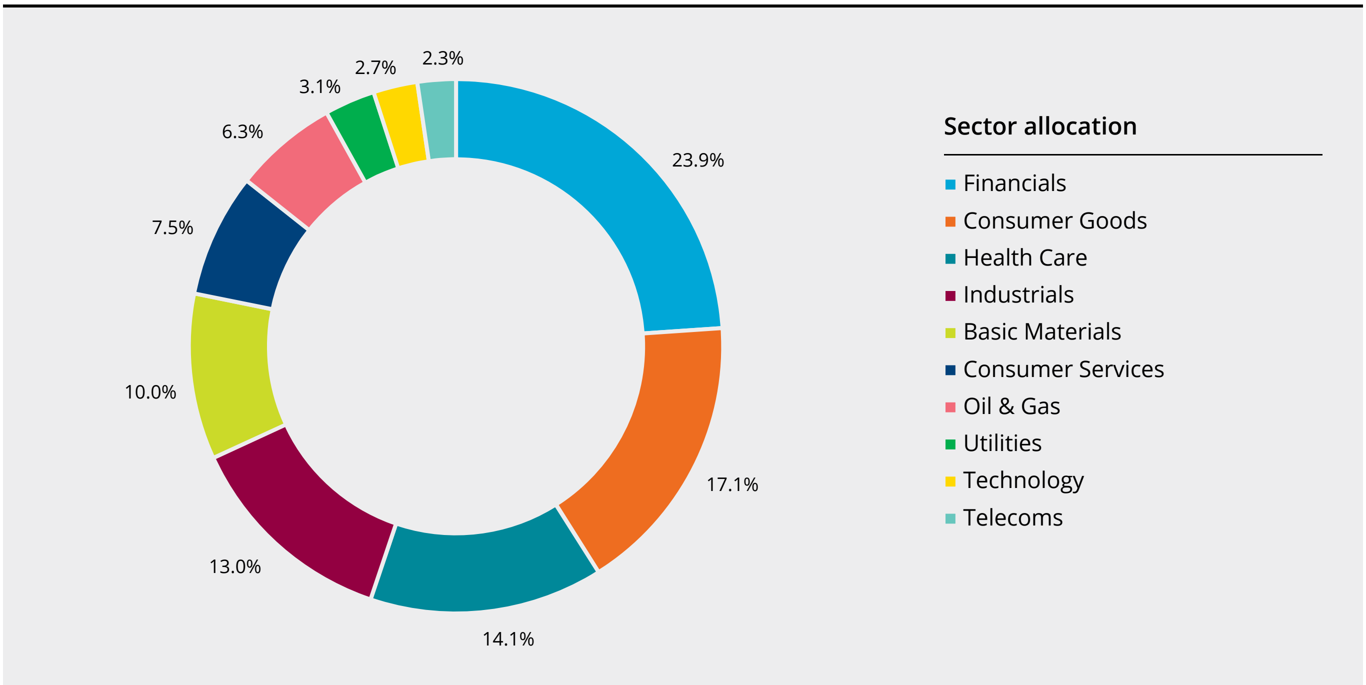
## Performance Highlights

| | | | | |
|---|---|---|---|---|
| Net asset value total return per Ordinary share[AB] | Six months ended 31 July 2019 | 15.8% | Year ended 31 January 2019 | (3.9)% |
| Share price total return per Ordinary share[A] | Six months ended 31 July 2019 | 16.0% | Year ended 31 January 2019 | (0.8)% |
| FTSE All-Share Index total return | Six months ended 31 July 2019 | 10.6% | Year ended 31 January 2019 | (3.8)% |
| Revenue return per Ordinary share | Six months ended 31 July 2019 | 6.72p | Six months ended 31 July 2018 | 8.39p |
| Dividend yield[A] | As at 31 July 2019 | 4.5% | As at 31 January 2019 | 5.1% |
| Discount to net asset value[AB] | As at 31 July 2019 | 8.3% | As at 31 January 2019 | 9.3% |

[A] Considered to be an Alternative Performance Measure.
[B] With debt at fair value.

An explanation of the Alternative Performance Measures is provided on pages 27 and 28.

## Investment Portfolio by Sector



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"It is the Board's intention to continue a policy of growing total annual dividends in real terms over the medium term."

**David Barron, Chairman**

## Financial Calendar

| | |
|---|---|
| 23 August 2019<br>29 November 2019<br>28 February 2020<br>29 May 2020 | Payment dates of quarterly dividends |
| 31 January 2020 | Financial year end |
| March 2020 | Expected announcement of results for year ended 31 January 2020 |
| 21 May 2020 | Annual General Meeting (London) |

## Financial Highlights

| | 31 July 2019 | 31 January 2019 | % change |
|---|---|---|---|
| Total assets[A] | £495,879,000 | £471,480,000 | +5.2 |
| Equity shareholders' funds | £454,236,000 | £401,731,000 | +13.1 |
| Market capitalisation | £410,478,000 | £358,868,000 | +14.4 |
| Net asset value per Ordinary share | 306.53p | 270.90p | +13.2 |
| Net asset value per Ordinary share with debt at fair value[B] | 301.98p | 266.83p | +13.2 |
| Share price per Ordinary share (mid) | 277.00p | 242.00p | +14.5 |
| Discount to net asset value with debt at fair value[B] | 8.3% | 9.3% | |
| Revenue return per Ordinary share[C] | 6.72p | 8.39p | (19.9) |
| Gearing – net[B] | 7.3% | 16.2% | |
| Gearing – equity[B] | 7.2% | 8.8% | |
| Ongoing charges[B] | 0.59% | 0.63% | |

[A] Defined as total assets per the Statement of Financial Position less current liabilities (before deduction of Bank Loans, Loan Notes and Debenture Stock).
[B] Considered to be an Alternative Performance Measure as defined on pages 27 and 28.
[C] Figure for 31 July 2019 is for six months to that date. Figure for 31 January 2019 is for the six months to 31 July 2018.

# Chairman's Statement

"In the current uncertain environment, your Manager retains an increasingly cautious outlook and sees little reason to shift from a conservative focus on higher quality businesses with the prospect of better than average dividend growth, consistent with delivering your Company's strategy."

**David Barron, Chairman**

### Review of the Period

I am pleased to report that the Company delivered good absolute and relative returns for the six month period ended 31 July 2019. The net asset value per share ("NAV") increased by 15.8% on a total return basis, outperforming its benchmark, the FTSE All-Share Index, which produced a total return of 10.6%. The share price total return for the period was 16.0%, reflecting a slight tightening of the discount at which the Company's shares trade to the NAV. The discount at the end of the period (on a cum-income basis with borrowings stated at fair value) was 8.3%, compared to 9.3% at the beginning of the period.

Although the FTSE All-Share moved steadily higher over the six months, economic and political conditions remained far from smooth. Government bond yields moved sharply lower reflecting a continuing weakening of global economic data, particularly in manufacturing, as the effects of the United States' trade policy unsettled business confidence. Sterling also weakened significantly against most major currencies, due to the political uncertainty in the UK and, in the later part of the six month period, the leadership election and subsequent changes in Government.

The Investment Manager has continued to execute our strategy of reducing the Company's dependence on higher yielding, lower growth companies. As we have stated in previous reports, this strategy should enhance the Company's longer term potential for both faster dividend growth and better capital performance. However, a consequence of this approach is the that the Company's revenue per share is likely to be lower this year than it was in the previous year. Our distribution policy remains to grow the dividend faster than inflation over the medium term and, with the Company's robust revenue reserves and the forecast underlying dividend growth of the companies within the portfolio, that policy remains well supported.

The Board remains encouraged with the Investment Manager's progress in executing this strategy, where they have continued to recycle capital into lower yielding, faster growth opportunities. As a result of the changes over the last three years, the Company's portfolio has much stronger quality characteristics, including higher returns and margins and lower levels of indebtedness. Income considered at risk has continued to decline to very low levels while the underlying rate of dividend growth for the companies held within the portfolio has increased. The portfolio's positioning continues to evolve, with mid and small cap companies now making up over 30% of the portfolio and its active share around 70%.

A detailed review of portfolio activity during the period is contained in the Investment Manager's Review.

### Earnings and Dividends

Revenue earnings per share for the period were 6.72p per share, compared to 8.39p per share for the equivalent period last year. This decrease was primarily driven by the deliberate strategy, referred to above, to continue to reduce exposure to higher yielding, lower-growth companies. The level of investment income earned during the period was in line with the Manager's forecasts, with the dividend cut from Vodafone being largely offset by better than expected performance from other sources, such as Rio Tinto and BHP. The Company also received special dividends from Croda, Direct Line and Marshalls.

A first interim dividend in respect of the year ending 31 January 2020, of 3.0p per share (2019: 3.0p), was paid on 23 August 2019 and the Board has declared a second interim dividend of 3.0p per share (2019: 3.0p), which will be paid on 29 November 2019 to shareholders on the register on 8 November 2019.

It is the Board's intention to continue a policy of growing total annual dividends in real terms over the medium term. In the event of an uncovered dividend, the Company has significant revenue reserves which are available to cover any shortfall.

> The net asset value per share ("NAV") increased by 15.8% on a total return basis, outperforming the FTSE All-Share Index which produced a total return of 10.6%. The share price total return for the period was 16.0%.

### Gearing

On 30 April 2019, in accordance with the Trust Deed, the Company redeemed at par the £28.6 million 7$^{7/8}$% Debenture Stock 2019. The redemption was funded by the disposal of the Company's portfolio of corporate bonds that was put in place in December 2015 for this purpose. The repayment of the debenture and disposal of the bond holdings marked an important step in simplifying and clarifying the strength of the Company's balance sheet.

# Chairman's Statement Continued

Following the redemption of the Debenture Stock, the Company's borrowings comprise the £30 million 3.99% Loan Notes 2045 and the £15 million multi-currency revolving credit facility, of which a Sterling equivalent of £11.9 million was drawn down at the period end. Equity gearing, net of cash, was 7.2% compared to 8.8% at the start of the period.

### Discount

As stated above, the discount at the end of the period (on a cum-income basis with borrowings stated at fair value) was 8.3%, compared to 9.3% at the beginning of the period. The comparable average discounts for the UK Equity Income Sector of investment trusts were 6.1% and 4.1%.The Board notes the narrowing of the discount relative to the wider sector and believes that the successful implementation by the Investment Manager of the investment strategy should lead to a further re-rating of the Company's shares relative to its peers.

During the period, the Company purchased 105,550 shares to hold in treasury, at a cost of £281,000, providing a small accretion to the NAV per share. The Board will continue to monitor the level of discount carefully and remains willing to make further use of the Company's share buy back powers when appropriate.

The Board notes the narrowing of the discount relative to the wider sector and believes that the successful implementation by the Investment Manager of the investment strategy should lead to a further re-rating of the Company's shares relative to its peers.

### Electronic Communications for Registered Shareholders

The Board is proposing to move to more electronic based forms of communication with its registered shareholders. Increased use of electronic communications should be a more cost effective, as well as faster and more environmentally friendly way of providing information to shareholders. Registered shareholders will therefore find enclosed with this Half Yearly Report a letter containing our electronic communications proposals. Registered shareholders who wish to continue to receive hard copies of documents and communications by post are encouraged to send back their replies in accordance with the instructions set out in the letter.

Shareholders who hold their shares through the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan or ISA ("Planholders") will continue to receive all documentation by post in hard copy for the time being. The Plan Manager is currently assessing how to adopt more electronically-based communications within these savings plans, Planholders will be contacted directly with more detail in due course.

### Outlook

Equity markets remain surprisingly buoyant given growing concerns over global growth and the continuing escalation of trade conflicts. In the UK, there remains a great deal of uncertainty regarding the outcome of Brexit negotiations with the EU, which combined with the likelihood of further domestic political turmoil and an economy that is increasingly showing the strains of three years of uncertainty, makes us additionally somewhat cautious. Investors, however, are increasingly reliant on the monetary support of central banks to offset these pressures on global economic performance. In such an environment, your Manager retains an increasingly cautious outlook and sees little reason to shift from a conservative focus on higher quality businesses with the prospect of better than average dividend growth, consistent with delivering your Company's strategy.

**David Barron**
**Chairman**
25 September 2019

# Other Matters



### Directors' Responsibility Statement

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

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

### Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties faced by the Company together with the mitigating actions it has established to manage the risks. These are set out within the Strategic Report contained within the Annual Report for the year ended 31 January 2019 and comprise the following risk categories:

- Investment objectives
- Investment strategies
- Investment performance
- Income/dividends
- Financial/market
- Gearing
- Regulatory
- Operational

The Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

### Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with loan covenants.

The Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board
**David Barron**
**Chairman**
25 September 2019

# Investment Manager's Review

**Ben Ritchie and Louise Kernohan, Aberdeen Asset Managers Limited**

We are pleased to report another period of progress for the Company. Since our appointment as lead managers over three years ago we have looked to increase exposure to holdings that can drive medium term capital and income growth, whilst moving away from companies with higher starting yields but lower growth prospects. This has also required us to be increasingly selective and continue to focus the portfolio's capital towards the very best businesses that we can find at attractive valuations. We are encouraged that this process has produced tangible results, with positive relative performance of the equity portfolio whilst also improving the underlying quality of the portfolio and its income growth potential.

Shareholders will have seen from previous reports that we have made a greater amount of changes than normal for investors with a long term investment horizon as we have been repositioning the portfolio. To put some figures behind the extent of the changes , the percentage of the portfolio invested in companies with dividends growing at over 5% per annum has almost doubled from 21% at the start of 2016 to 40%. The portfolio's active share (a measure of the deviation from the benchmark) has risen from just over 60% to around 70%. In addition, the percentage we have invested in small and mid-cap companies has increased from 15% to over 30%. Our activity has quietened somewhat from the previous two years given that the positioning is nearer where we ultimately want to be. However, the process is still not complete and with a combination of market volatility and new investment ideas coming to the fore in the past six months it has proved an opportune time for us to make further changes.

During the period under review we initiated new positions in **ASML**, **Mowi**, **Sirius Real Estate**, **Smith & Nephew** and **WH Smith**. All five of these businesses offer resilient growth prospects and, importantly, add further differentiated exposure to the portfolio.

**ASML** is a Dutch listed manufacturer of machines used in the process of printing circuits into chips used in a range of technology. Growth drivers have changed over time, from PCs to smartphones to the Internet of Things, but the key is that as technology evolves it requires increased usage of ASML's machines. It is the industry leader by some way in an industry where barriers to entry are high, ensuring that its growth opportunity and high returns are not competed away. Whilst the dividend yield is low, we are confident it can generate double digit dividend growth into the medium term and believe the shares will continue to outperform.

Norwegian listed **Mowi** is the world's largest producer of farmed salmon, supplying healthy and sustainably farmed seafood to over 70 countries. Demand for salmon is growing globally, whilst supply is constrained by regulation, meaning that the medium to long term growth outlook is promising for **Mowi** which has an advantage over its peers of scale and vertical integration. Cash generation is strong, underpinning a consistent and growing dividend for shareholders.

We are pleased to report another period of progress for the Company. Since our appointment as lead managers over three years ago we have looked to increase exposure to holdings that can drive medium term capital and income growth, whilst moving away from companies with higher starting yields but lower growth prospects.

**Sirius Real Estate** is a UK listed property company which owns industrial properties on the outskirts of German cities for a range of uses, including offices and storage. It is differentiated by the fact that its keeps many of its operations in-house, including sourcing tenants and property management, keeping costs down and helping it maintain a competitive position in the sector. Despite the challenging environment for German exporters, the company can continue to grow rents and earnings through any slowdown, helped by its diversified tenant base, and the balance sheet is strong. The valuation of the shares is undemanding and the company pays an attractive and growing dividend.

**Smith & Nephew** is a global medical device company with a new management team that has brought a sense of reinvigoration to the company, and we see good scope for the business to improve its growth profile and profitability as a result of self-help. In addition, the underlying dynamics of the market it is in are attractive, with acyclical and structurally expanding end market demand. We believe the potential upside is underappreciated by the market and expect the earnings improvement to drive a growing dividend.

**WH Smith** has transitioned over the years from being a fixture on the UK high street to becoming primarily an international travel retailer. Despite the well documented decline of the UK high street, its flexible model allows it to keep profit and cash flow at a high level to reinvest into the expanding travel network where competition is limited, pricing power is stronger and growth is underpinned by increasing air traffic trends. The travel business has significant expansion opportunity and we believe that this will drive profit growth and, in turn, dividend growth into the long term.

During the period under review we initiated new positions in ASML, Mowi, Sirius Real Estate, Smith & Nephew and WH Smith. All five of these businesses offer resilient growth prospects and, importantly, add further differentiated exposure to the portfolio.

To fund these purchases we exited four holdings: **Vodafone**, **Unibail Rodamco Westfield ("URW")**, **Ultra Electronics** and **Brunello Cucinelli**.

**Vodafone** has found its core business struggling to grow at a time when the acquisition of Liberty's German assets had increased its indebtedness. With the dividend unlikely to grow meaningfully following the recent cut, and end market conditions remaining tough, we decided to exit. **URW** also found its business model under pressure. Since its acquisition of Westfield, it has greater exposure to retail markets where online penetration is increasingly pressuring traditional distribution channels. At the same time it increased its leverage to fund the purchase and with a combination of deteriorating fundamentals and a weaker balance sheet we are no longer convinced in the long term investment case.

For **Ultra Electronics**, while we were encouraged by the appointment of new CEO, we felt that we could find more compelling opportunities elsewhere that better fit our strategy, particularly given concerns over the history of weak cash generation, the poor acquisition track record and the very federal structure of the business. Italian luxury goods business **Brunello Cucinelli** remains a high quality business with significant growth potential, but following exceptionally strong share price performance we felt that the shares were fully valued.

We also sold **Manx Telecom** following its takeover.

In addition to the introductions and exits, we continued to selectively add capital to some of the existing positions where we remain confident in the investment theses, for example **GlaxoSmithKline**, **Countryside Properties**, **Heineken** and **National Grid**. We also trimmed back a number of holdings on strength, such as **Amplifon**, **Marshalls** and **Tecan**.

Performance was sound for the first half of the financial year. This was driven by very strong returns from some of the holdings in the portfolio. For example, software company **Aveva** saw its share price appreciate sharply as it continued to outperform market expectations following the merger with Schneider Software. Some of the European holdings had a notable positive influence, with French food voucher company **Edenred**, Italian hearing aid retailer **Amplifon** and Finnish elevator and escalator manufacturer **Kone** performing particularly well. We are pleased that there were no portfolio holdings that were materially weak over the period to detract from the strong performances mentioned above, despite the fact the external environment remains challenging. We believe this is in part due to the stringent quality criteria we place on the holdings we select, companies with resilient business models and strong balance sheets.

Income generation has been in line with our expectations. The dividend season was good, with companies such as **Aveva**, **Big Yellow** and **Countryside Properties** beating our forecasts, although offset by **Vodafone's** dividend reduction which we had thought likely to happen. Higher levels of volatility and a desire to implement more strategic changes have continued to present opportunities to generate option premium resulting in above average income during the period. Despite selling down some of the higher yielding names in the portfolio we continue to generate a healthy amount of income and the Company's dividend is well underpinned.

A key part of the responsibility of share ownership is corporate stewardship and engagement. Addressing the governance and risk controls of the companies we hold is an aspect of investing that we embrace at Aberdeen Standard Investments and it aligns well with our long term investment horizon. The investment team takes full responsibility, with dedicated on-desk resource and helped by expert advisors within the business. In addition to the hundreds of visits each year with executive teams, we frequently engage with non-executive board members, risk officers and other relevant personnel from the companies in which we invest. How these companies identify environmental and social risks is something we analyse closely and we are

# Investment Manager's Review Continued

increasingly finding that companies which manage these risks well and place high importance on responsible business practices are those that are setting themselves up best to produce positive long term results.

Looking ahead, economic conditions continue to weaken across much of the world, trade conflict remains an ongoing concern and aggregate corporate earnings performance looks likely to remain under pressure. Here in the UK, the political situation still remains challenging and at the time of writing the likelihood of either a general election or a no deal Brexit is heightened under the new prime minister. Despite this, equity markets have been remarkably buoyant, posting double digit returns since the start of the year. In continuing to support risk assets, investors hereto have favoured the likely action of central bank to loosen monetary policy over the risk of weaker profit from the corporate sector. Overall, given potentially more volatile markets ahead, we see little reason to shift from our conservative focus on high quality businesses. We remain firm in our belief that, in the long run, the underlying strength of the Company's holdings will prevail however the economic and political headwinds develop.

**Ben Ritchie and Louise Kernohan,**
**Aberdeen Asset Managers Limited**
25 September 2019

# Ten Largest Investments



As at 31 July 2019

### GlaxoSmithKline

GlaxoSmithKline is a pharmaceutical group that develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products.

### Unilever

Unilever is one of the world's foremost fast moving consumer goods companies with a portfolio of leading brands across the food and beverage, personal care and household categories.

### Prudential

Prudential is a life insurance and savings company with leading market positions in Asia, the United States and the UK. It also owns the fund management group M&G.

### Diageo

Diageo is a global leader in spirits and liquers with a portfolio of world-renowned brands.

### 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.

### BHP Group

BHP Group is the world's largest diversified resources group with a global portfolio of high quality assets. Core activities comprise the production and distribution of minerals, mineral products and petroleum.

### British American Tobacco

British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.

### Rio Tinto

Rio Tinto is a global mining and processing company, operating predominantly tier one assets. Its main commodities are iron ore, aluminium and copper.

### Assura

Assura owns properties in the healthcare sector which it manages directly; primarily these comprise local GP surgeries and larger primary care centres.

### Royal Dutch Shell 'B'

Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. The company owns and operates gasoline filling stations world-wide.

# Investment Portfolio

## As at 31 July 2019

| Company | Sector | Market Value £'000 | Total assets % |
|---|---|---|---|
| GlaxoSmithKline | Pharmaceuticals & Biotechnology | 23,344 | 4.7 |
| Unilever | Personal Goods | 22,557 | 4.5 |
| Prudential | Life Insurance | 21,208 | 4.3 |
| Diageo | Beverages | 20,971 | 4.2 |
| Relx | Media | 20,590 | 4.2 |
| BHP Group | Mining | 19,126 | 3.9 |
| British American Tobacco | Tobacco | 18,229 | 3.7 |
| Rio Tinto | Mining | 16,762 | 3.4 |
| Assura | Real Estate Investment Trusts | 16,708 | 3.4 |
| Royal Dutch Shell 'B' | Oil & Gas Producers | 16,117 | 3.3 |
| **Ten largest equity investments** | | **195,612** | **39.6** |
| National Grid | Gas, Water & Multi-Utilities | 14,901 | 3.0 |
| Total | Oil & Gas Producers | 14,521 | 2.9 |
| Croda | Chemicals | 12,974 | 2.6 |
| Chesnara | Life Insurance | 12,723 | 2.6 |
| Edenred | Support Services | 11,625 | 2.3 |
| Experian | Support Services | 11,615 | 2.3 |
| Direct Line Insurance | Non-Life Insurance | 11,371 | 2.3 |
| Telecom Plus | Fixed Line Telecommunications | 11,318 | 2.3 |
| Weir Group | Industrial Engineering | 10,271 | 2.1 |
| Aveva | Software & Computer Services | 10,060 | 2.0 |
| **Twenty largest equity investments** | | **316,991** | **64.0** |
| Countryside Properties | Household Goods & Home Construction | 10,019 | 2.0 |
| Schroders | Financial Services | 9,727 | 2.0 |
| Novo-Nordisk | Pharmaceuticals & Biotechnology | 9,284 | 1.9 |
| Ashmore | Financial Services | 8,808 | 1.8 |
| Close Brothers | Banks | 8,464 | 1.7 |
| Standard Chartered | Banks | 7,641 | 1.5 |
| Euromoney Institutional Investor | Media | 7,569 | 1.5 |
| Kone | Industrial Engineering | 7,408 | 1.5 |
| London Stock Exchange | Financial Services | 7,289 | 1.5 |
| Heineken | Beverages | 6,583 | 1.3 |
| **Thirty largest equity investments** | | **399,783** | **80.7** |

As at 31 July 2019

| Company | Sector | Market Value £'000 | Total assets % |
|---|---|---|---|
| Amplifon | Health Care Equipment & Services | 6,028 | 1.2 |
| Grandvision | Health Care Equipment & Services | 5,963 | 1.2 |
| Amadeus | Support Services | 5,901 | 1.2 |
| Big Yellow | Real Estate Investment Trusts | 5,901 | 1.2 |
| Dechra Pharmaceuticals | Pharmaceuticals & Biotechnology | 5,833 | 1.2 |
| SGS | Support Services | 5,682 | 1.1 |
| Tecan | Health Care Equipment & Services | 5,469 | 1.1 |
| Abcam | Pharmaceuticals & Biotechnology | 5,324 | 1.1 |
| Mowi | Food Producers | 5,085 | 1.0 |
| Genus | Pharmaceuticals & Biotechnology | 4,963 | 1.0 |
| **Forty largest equity investments** | | **455,932** | **92.0** |
| Marshalls | Construction & Materials | 4,672 | 0.9 |
| Hansteen Holdings | Real Estate Investment Trusts | 4,062 | 0.8 |
| Just Eat | General Retailers | 3,339 | 0.7 |
| Spirax-Sarco Engineering | Industrial Engineering | 3,058 | 0.6 |
| ASML | Technology, Hardware & Equipment | 2,914 | 0.6 |
| Rentokil | Support Services | 2,871 | 0.6 |
| Smith & Nephew | Health Care Equipment & Services | 2,640 | 0.5 |
| Rightmove | Media | 2,626 | 0.5 |
| Sirius Real Estate | Real Estate Investment & Services | 2,471 | 0.5 |
| WH Smith | General Retailers | 2,372 | 0.5 |
| **Total investments** | | **486,957** | **98.2** |
| **Net current assets**[A] | | **8,922** | **1.8** |
| **Total assets** | | **495,879** | **100.0** |

[A] Excluding bank loan of £11,912,000.

# Investment Case Studies

Exploring and understanding a complex 3D model of a power plant is simplified using AVEVA Engage and Microsoft touchscreen technology.
Source: Aveva

**Aveva**
Aveva is a software business that sells to engineers across a range of industries, including Oil & Gas, Marine and Food & Beverage. It is a global industry leader and the market for its products is structurally growing, driven by the digitalisation of industrial processes. Its products have a range of benefits to customers, such as optimising plan design, reducing operating costs, improving asset reliability and reducing risks.

The business model was attractive in its own right, but the company merged with Schneider Electric's software business in early 2018 which has significantly enhanced the opportunity. The market has been slow to recognise the potential of the combined business and, despite strong share price performance since the merger, we still believe there is further progress to be made as recognition is given to revenue synergies ahead of what the market currently expects.

The company enjoys a high degree of visibility given the long term nature of customer contracts. In addition, it generates strong cash flows which, along with its solid balance sheet, provides a sound underpinning to the dividend. We expect the growth of the business to drive sustainable dividend growth into the long term.

**WH Smith**
WH Smith, which is a new addition to the portfolio, is a well-known retailer. However, it is less well known that it generates $2/3^{rds}$ of its profits from Travel Retail with just $1/3^{rd}$ from the High Street. The Travel business is growing strongly, benefiting from the long term trend of increased travel as well as ongoing expansion, particularly into international airports. The High Street business is challenging, with declining sales, but this has been the case for many years and yet the company has continued to keep profits at a high level and generated strong cash flows to help fund the growing Travel business.

The company displays the quality characteristics we look for in our investments, for example sustainable earnings growth, high return on capital employed, strong cash generation and a solid balance sheet.

We believe the valuation does not fully capture the quality of the business model nor the growth prospects. The perception of the shares, and so their valuation multiples, look set to change for the better as the Travel business expands further. The company has a consistent record of growing dividends with a 10% compound annual growth rate over the past decade, and we expect this solid track record to continue long into the future.

# Condensed Statement of Comprehensive Income (unaudited)

| | | Six months ended 31 July 2019 | | | Six months ended 31 July 2018 | | |
|---|---|---|---|---|---|---|---|
| | Note | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains on investments | | – | 53,977 | 53,977 | – | 12,169 | 12,169 |
| Income | 2 | 11,543 | – | 11,543 | 14,259 | – | 14,259 |
| Investment management fees | | (337) | (505) | (842) | (339) | (508) | (847) |
| Administrative expenses | | (447) | – | (447) | (489) | – | (489) |
| Exchange losses | | – | (356) | (356) | – | (280) | (280) |
| **Net return before finance costs and tax** | | 10,759 | 53,116 | 63,875 | 13,431 | 11,381 | 24,812 |
| Finance costs | | (493) | (733) | (1,226) | (728) | (1,087) | (1,815) |
| **Return before taxation** | | 10,266 | 52,383 | 62,649 | 12,703 | 10,294 | 22,997 |
| Taxation | 3 | (301) | – | (301) | (180) | – | (180) |
| **Return after taxation** | | **9,965** | **52,383** | **62,348** | **12,523** | **10,294** | **22,817** |
| **Return per Ordinary share (pence)** | 5 | **6.72** | **35.34** | **42.06** | **8.39** | **6.89** | **15.28** |

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company.

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

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

# Condensed Statement of Financial Position (unaudited)

| | Note | As at 31 July 2019 £'000 | As at 31 January 2019 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Equity securities | | 486,957 | 437,108 |
| Fixed interest securities | | – | 28,214 |
| **Investments at fair value through profit or loss** | | 486,957 | 465,322 |
| | | | |
| **Current assets** | | | |
| Debtors | | 2,798 | 3,708 |
| Cash and short-term deposits | | 8,382 | 3,548 |
| | | 11,180 | 7,256 |
| | | | |
| **Creditors: amounts falling due within one year** | | | |
| Bank loans | | (11,912) | (11,427) |
| Debenture Stock 2019 | | – | (28,597) |
| Exchange traded options | 9 | (1,716) | – |
| Other creditors | | (542) | (1,098) |
| | | (14,170) | (41,122) |
| **Net current liabilities** | | (2,990) | (33,866) |
| **Total assets less current liabilities** | | 483,967 | 431,456 |
| | | | |
| **Creditors: amounts falling due after more than one year** | | | |
| Loan Notes 2045 | | (29,731) | (29,725) |
| **Net assets** | | **454,236** | **401,731** |
| | | | |
| **Capital and reserves** | | | |
| Called-up share capital | | 38,419 | 38,419 |
| Share premium account | | 4,619 | 4,619 |
| Capital redemption reserve | | 1,606 | 1,606 |
| Capital reserve | 6 | 382,504 | 330,402 |
| Revenue reserve | | 27,088 | 26,685 |
| **Equity shareholders' funds** | | **454,236** | **401,731** |
| | | | |
| **Net asset value per Ordinary share (pence)** | 7 | **306.53** | **270.90** |

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

# Condensed Statement of Changes in Equity (unaudited)

### Six months ended 31 July 2019

| | Note | Share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 31 January 2019 | | 38,419 | 4,619 | 1,606 | 330,402 | 26,685 | 401,731 |
| Return after taxation | | – | – | – | 52,383 | 9,965 | 62,348 |
| Dividends paid | 4 | – | – | – | – | (9,562) | (9,562) |
| Buyback of Ordinary shares for treasury | | – | – | – | (281) | – | (281) |
| **Balance at 31 July 2019** | | 38,419 | 4,619 | 1,606 | 382,504 | 27,088 | 454,236 |

### Six months ended 31 July 2018

| | Note | Share capital £'000 | Share premium account £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|
| Balance at 31 January 2018 | | 38,419 | 4,619 | 1,606 | 370,634 | 27,106 | 442,384 |
| Return after taxation | | – | – | – | 10,294 | 12,523 | 22,817 |
| Dividends paid | 4 | – | – | – | – | (10,394) | (10,394) |
| Buyback of Ordinary shares for treasury | | – | – | – | (2,308) | – | (2,308) |
| **Balance at 31 July 2018** | | **38,419** | **4,619** | **1,606** | **378,620** | **29,235** | **452,499** |

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

# Condensed Statement of Cash Flows (unaudited)

| | Six months ended 31 July 2019 £'000 | Six months ended 31 July 2018 £'000 |
|---|---|---|
| **Operating activities** | | |
| Net return before finance costs and taxation | 63,875 | 24,812 |
| Adjustments for: | | |
| Gains on investments | (53,977) | (12,169) |
| Currency losses | 356 | 280 |
| Increase in accrued dividend income | (503) | (898) |
| Decrease/(increase) in accrued interest income | 855 | (83) |
| Stock dividends included in dividend income | (175) | (615) |
| Amortisation of fixed income book cost | 154 | 284 |
| (Increase)/decrease in other debtors excluding tax | (213) | 12 |
| Increase in other creditors | 408 | 222 |
| Net tax paid | (618) | (342) |
| **Net cash inflow from operating activities** | 10,162 | 11,503 |
| | | |
| **Investing activities** | | |
| Purchases of investments | (39,887) | (115,264) |
| Sales of investments | 74,665 | 119,714 |
| **Net cash from investing activities** | 34,778 | 4,450 |
| | | |
| **Financing activities** | | |
| Interest paid | (1,786) | (1,796) |
| Dividends paid | (9,562) | (10,394) |
| Buyback of Ordinary shares for treasury | (281) | (2,238) |
| Repayment of Debenture Stock | (28,600) | – |
| **Net cash used in financing activities** | **(40,229)** | **(14,428)** |
| **Increase in cash and cash equivalents** | **4,711** | **1,525** |
| | | |
| **Analysis of changes in cash and cash equivalents during the period** | | |
| Opening balance | 3,548 | 5,983 |
| Effect of exchange rate fluctuations on cash held | 123 | (71) |
| Increase in cash as above | 4,711 | 1,525 |
| **Closing balance** | **8,382** | **7,437** |

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

# Notes to the Financial Statements (unaudited)



**1. Accounting policies**

**Basis of preparation.** The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that status as an investment trust will be maintained.

The half yearly financial statements have been prepared using the same accounting policies applied as the preceding annual financial statements, which were prepared in accordance with Financial Reporting Standard 102.

**2. Income**

| | Six months ended 31 July 2019 £'000 | Six months ended 31 July 2018 £'000 |
|---|---|---|
| **Income from investments** | | |
| UK dividend income | 7,895 | 9,652 |
| Overseas dividend income | 2,804 | 2,421 |
| Fixed income | 104 | 511 |
| Stock dividends | 175 | 615 |
| | 10,978 | 13,199 |
| | | |
| **Other income** | | |
| Income from traded options | 553 | 1,060 |
| Interest income | 12 | – |
| | 565 | 1,060 |
| **Total income** | **11,543** | **14,259** |

**3. Taxation.** The taxation expense reflected in the Condensed Statement of Comprehensive Income is based on the estimated annual tax rate expected for the full financial year. The estimated annual corporation tax rate used for the year to 31 January 2020 is an effective rate of 19%. This is in line with the current corporation tax rate of 19%.

**4. Ordinary dividends on equity shares**

| | Six months ended 31 July 2019 £'000 | Six months ended 31 July 2018 £'000 |
|---|---|---|
| Third interim dividend 2019 of 3.000p (2018 – 2.575p) | 4,449 | 3,854 |
| Final dividend 2019 of 3.450p (2018 – 4.375p) | 5,113 | 6,540 |
| | **9,562** | **10,394** |

A first interim dividend in respect of the year ending 31 January 2020 of 3.00p per Ordinary share (2019 – 3.00p) was paid on 23 August 2019 to shareholders on the register on 2 August 2019. The ex-dividend date was 1 August 2019.

# Notes to the Financial Statements (unaudited) Continued

5. **Returns per share**

| | Six months ended 31 July 2019 p | Six months ended 31 July 2018 p |
|---|---|---|
| Revenue return | 6.72 | 8.39 |
| Capital return | 35.34 | 6.89 |
| **Total return** | **42.06** | **15.28** |

The returns per share are based on the following:

| | Six months ended 31 July 2019 £'000 | Six months ended 31 July 2018 £'000 |
|---|---|---|
| Revenue return | 9,965 | 12,523 |
| Capital return | 52,383 | 10,294 |
| **Total return** | **62,348** | **22,817** |
| | | |
| **Weighted average number of Ordinary shares** | **148,236,960** | **149,329,893** |

6. **Capital reserves.** The capital reserve reflected in the Condensed Statement of Financial Position at 31 July 2019 includes gains of £112,025,000 (31 January 2019 – gains of £56,687,000) which relate to the revaluation of investments held at the reporting date.

7. **Net asset value.** Equity shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 102. The analysis of equity shareholders' funds on the face of the Condensed Statement of Financial Position does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the period end, adjusted to reflect the deduction of the Debenture Stock and the Loan Notes at par. A reconciliation between the two sets of figures is as follows:

| | 31 July 2019 | 31 January 2019 |
|---|---|---|
| **Net assets attributable (£'000)** | **454,236** | **401,731** |
| **Number of Ordinary shares in issue at the period end[A]** | **148,187,119** | **148,292,669** |
| **Net asset value per Ordinary share** | **306.53p** | **270.90p** |

[A] Excluding shares held in treasury

| Adjusted net assets | 31 July 2019 £'000 | 31 January 2019 £'000 |
|---|---|---|
| Net assets attributable (as above) | 454,236 | 401,731 |
| Unamortised Debenture Stock premium and issue expenses | – | (3) |
| Unamortised Loan Notes issue expenses | (269) | (275) |
| **Adjusted net assets attributable** | **453,967** | **401,453** |
| | | |
| **Number of Ordinary shares in issue at the period end[A]** | **148,187,119** | **148,292,669** |
| **Adjusted net asset value per Ordinary share** | **306.35p** | **270.72p** |

[A] Excluding shares held in treasury.

| Net assets – debt at fair value | 31 July 2019 £'000 | 31 January 2019 £'000 |
|---|---|---|
| Net assets attributable | 454,236 | 401,731 |
| Amortised cost Debenture Stock | – | (43,496) |
| Amortised cost Loan Notes | 29,731 | (3,708) |
| Market value Debenture Stock | – | (28,969) |
| Market value Loan Notes | (36,468) | (35,391) |
| **Net assets attributable** | 447,499 | 290,167 |
| | | |
| **Number of Ordinary shares in issue at the period end[B]** | 148,187,119 | 148,292,669 |
| **Net asset value per Ordinary share – debt at fair value** | 301.98p | 266.83p |

| Net assets – debt at fair value – adjusted[A] | 31 July 2019 £'000 | 31 January 2019 £'000 |
|---|---|---|
| Net assets attributable | 454,236 | 401,731 |
| Amortised cost Debenture Stock | – | 28,597 |
| Amortised cost Loan Notes | 29,731 | 29,725 |
| Market value Debenture Stock | – | (28,969) |
| Market value Loan Notes | (36,468) | (35,391) |
| **Net assets attributable** | **447,499** | **395,693** |
| | | |
| **Number of Ordinary shares in issue at the period end[B]** | **148,187,119** | **148,292,669** |
| **Net asset value per Ordinary share – debt at fair value** | **301.98p** | **266.83p** |
| **Less: 3rd interim dividend 2019** | **–** | **(3.00)p** |
| **Net asset value per Ordinary share – debt at fair value – adjusted[A]** | **301.98p** | **263.83p** |

[A] Cum-income NAV with debt at fair value, adjusted to exclude the third interim dividend for the year ended 31 January 2019 which went ex-dividend on 31 January 2019 but was not paid until 22 February 2019 due to the difference in recognition of dividends payable on an ex-dividend date basis under AIC reporting guidelines and upon payment under accounting standards.

[B] Excluding shares held in treasury.

# Notes to the Financial Statements (unaudited) Continued

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

| | Six months ended 31 July 2019 £'000 | Six months ended 31 July 2018 £'000 |
|---|---|---|
| Purchases | 164 | 509 |
| Sales | 24 | 36 |
| | **188** | **545** |

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

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.

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

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

| As at 31 July 2019 | Note | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | | |
| Quoted equities | a) | 486,957 | – | – | 486,957 |
| **Total** | | 486,957 | – | – | 486,957 |
| | | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | | |
| Derivatives | c) | (1,716) | – | – | (1,716) |
| **Net fair value** | | **485,241** | – | – | **485,241** |

| As at 31 January 2019 | Note | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | | |
| Quoted equities | a) | 437,108 | – | – | 437,108 |
| Quoted bonds | b) | – | 28,214 | – | 28,214 |
| **Total** | | 437,108 | 28,214 | – | 465,322 |
| | | | | | |
| **Financial liabilities at fair value through profit or loss** | | | | | |
| Derivatives | c) | – | – | – | – |
| **Net fair value** | | **437,108** | **28,214** | **–** | **465,322** |

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

**b)** Quoted bonds. The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Bonds included in Fair Value Level 2 are Corporate Bonds. Investments categorised as Level 2 are not considered to trade in active markets.

**c)** Derivatives. The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis and has been included in Fair Value Level 1. At 31 July 2019 there were 7 open positions amounting to a liability of £1,716,000 (31 January 2019 – nil).

**10. Transactions with the Manager.** The Company has an agreement with Aberdeen Standard Fund Managers Limited ("ASFML" or the "Manager") for the provision of investment management, secretarial, accounting and administration and promotional activity services.

The management fee is calculated and charged, on a monthly basis, at 0.45% per annum on the first £225 million, 0.35% per annum on the next £200 million and 0.25% per annum on amounts over £425 million of the net assets of the Company, with debt at par and excluding commonly managed funds. The management fee is chargeable 40% to revenue and 60% to capital. During the period £842,000 (31 July 2018 – £847,000) of investment management fees were payable to the Manager, with a balance of £146,000 (31 July 2018 – £143,000) being due at the period end. There were no commonly managed funds held in the portfolio during the six months to 31 July 2019 (2018 – none).

The management agreement may be terminated by either party on not less than six months' written notice. On termination by the Company on less than the agreed notice period the Manager would be entitled to receive fees which would otherwise have been due up to that date.

The Manager also receives a separate promotional activities fee which is based on a current annual amount of £310,000 plus VAT payable quarterly in arrears. During the period £186,000 (31 July 2018 – £186,000) of fees were payable to the Manager, with a balance of £124,000 (31 July 2018 – £31,000) being due at the period end.

# Notes to the Financial Statements (unaudited) Continued

11. **Segmental information.** The Company is engaged in a single segment of business, which is to invest mainly in equity securities. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

12. The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 31 July 2019 and 31 July 2018 has not been audited.

    The information for the year ended 31 January 2019 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Section 498 of the Companies Act 2006.

    The auditor has reviewed the financial information for the six months ended 31 July 2019 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The report of the auditor is on page 26.

13. This Half Yearly Financial Report was approved by the Board on 25 September 2019.

# Independent Review Report to Dunedin Income Growth Investment Trust PLC

We have been engaged by the Company to review the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 July 2019 which comprises the Condensed Statement of Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and the related explanatory notes 1 to 13. We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

The Half Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting'.

## Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Yearly Financial Report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of half yearly financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 July 2019 is not prepared, in all material respects, in accordance with Financial Reporting Standard 104 and Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Deloitte LLP**
**Statutory Auditor**
Edinburgh, UK
25 September 2019

# Alternative Performance Measures ("APMs")

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

**Total return.** Total return is considered to be an alternative performance measure. NAV and share price 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. 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. 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.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the six months ended 31 July 2019 and the year ended 31 January 2019 and the total return for the periods.

| Six months ended 31 July 2019 | Dividend rate | NAV | Share price |
|---|---|---|---|
| 31 January 2019 | 3.000p | 263.83p | 242.00p |
| 2 May 2019 | 3.450p | 287.09p | 264.00p |
| 31 July 2019 | N/A | 301.98p | 277.00p |
| **Total return** | | **+15.8%** | **+16.0%** |

| Year ended 31 January 2019 | Dividend rate | NAV[A] | Share price |
|---|---|---|---|
| 31 January 2018 | N/A | 290.57p | 243.50p |
| 1 February 2018 | 2.575p | 285.03p | 256.00p |
| 3 May 2018 | 4.375p | 282.72p | 253.00p |
| 2 August 2018 | 3.000p | 290.12p | 257.00p |
| 1 November 2018 | 3.000p | 265.44p | 242.00p |
| 31 January 2019 | 3.000p | 263.83p | 242.00p |
| **Total return** | | **(3.9)%** | **(0.8)%** |

[A] 2019 Cum-income NAV with debt at fair value, adjusted to exclude the third interim dividend for the year ended 31 January 2019 which went ex-dividend on 31 January 2019 but was not paid until 22 February 2019 due to the difference in recognition of dividends payable on an ex-dividend date basis under AIC reporting guidelines and upon payment under accounting standards.

**Discount to net asset value per share with debt at fair value.** The discount is the amount by which the share price of 277.00p (31 January 2019 – 242.00p) is lower than the net asset value per share with debt at fair value of 301.98p (31 January 2019 – 266.83p), expressed as a percentage of the net asset value with debt at fair value.

**Dividend yield.** 'Dividend yield is calculated using the Company's historic annual dividend of 12.45p per Ordinary share divided by the share price at 31 July 2019 of 277.00p (31 January 2019 – 242.00p) expressed as a percentage.

**Net gearing.** 'Net gearing measures the total borrowings of £41,643,000 (31 January 2019 – £69,749,000) less cash and cash equivalents of £8,382,000 (31 January 2019 – £4,635,000) divided by shareholders' funds of £454,236,000 (31 January 2019 – £401,731,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due and to brokers at the period end as well as cash and short term deposits.

**Equity gearing.** 'Equity gearing is calculated as the amount by which the total value of equity securities of £486,957,000 (31 January 2019 – £437,108,000) exceeds shareholders' funds of £454,236,000 (31 January 2019 – £401,731,000), expressed as a percentage of shareholder funds.

**Ongoing charges.** Ongoing charges is considered to be an alternative performance measure. 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. The ratio for 31 July 2019 is based on forecast ongoing charges for the year ending 31 January 2020.

| | 31 July 2019 | 31 January 2019 |
|---|---|---|
| Investment management fees (£'000) | 1,723 | 1,669 |
| Administrative expenses (£'000) | 866 | 942 |
| Less: non-recurring charges (£'000) | (6) | (11) |
| **Ongoing charges (£'000)** | **2,583** | **2,600** |
| **Average net assets (£'000)** | **437,172** | **412,064** |
| **Ongoing charges ratio** | **0.59%** | **0.63%** |

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which amongst other things, includes the cost of borrowings and transaction costs.

# Investor Information

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

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and The Bank of New York Mellon (International) Limited as its depositary under the AIFMD.

The AIFMD requires Aberdeen Standard Fund Managers Limited, 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 the AIFMD are published in the Company's PIDD which can be found on its website: **dunedinincomegrowth.co.uk.**

### 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.

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 Registrars (see Corporate Information). Changes of address must be notified to the Registrars in writing.

If you have any general questions about your Company, the Manager or performance, please telephone the Aberdeen Standard Investments Customer Services Department, send an email to **inv.trusts@aberdeenstandard.com** or write to **Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.**

### Dividend Tax Allowance

The annual tax-free personal allowance for dividend income for UK investors is £2,000 for the 2019/20 tax year. 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 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 Children's Plan, Investment Trust Share Plan or Investment Trust Individual Savings Account ("ISA"), or through the many broker platforms which offer the opportunity to acquire shares in investment companies.

### Aberdeen Standard Investments Children's Plan

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 only pay Government Stamp Duty (currently 0.5%) on entry where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

### 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 only pay Government Stamp Duty (currently 0.5%) on entry where applicable. Selling costs are £10 + VAT.

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 2019/20 tax year.

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. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. 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, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

### Keeping You Informed
Further information about the Company may be found on its dedicated website: dunedinincomegrowth.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.

Alternatively, please call **0808 500 0040** (Freephone) or email **inv.trusts@aberdeenstandard.com** or write to the address for Aberdeen Standard Investment Trusts stated above.

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

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

### Literature Request Service
For literature and application forms for Aberdeen Standard Investments' investment trust products, please visit:
**invtrusts.co.uk** or:
Tel: **0808 500 4000**

Or write to:
**Aberdeen Standard Investment Trusts, PO Box 11020**
**Chelmsford, Essex CM99 2DB**

### 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.**

### 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 growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom, 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.

# Investor Information Continued

### 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 and 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**
Visit: **fca.org.uk/firms/financial-services-register**
Email: **consumer.queries@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 29 to 31 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.

# Corporate Information

**Directors**
David Barron (Chairman)
Catherine Claydon
Jasper Judd
Elisabeth Scott
Howard Williams

**Registered Office and Company Secretary**
Aberdeen Asset Management PLC
1 George Street
Edinburgh EH2 2LL

**Alternative Investment Fund Manager**
Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

**Investment Manager**
Aberdeen Asset Managers Limited
1 George Street
Edinburgh EH2 2LL

**Aberdeen Standard Customer Services Department, Children's Plan, Share Plan and ISA enquiries**
Aberdeen Standard Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: 0808 500 0040
(open Monday to Friday, 9.00 a.m. to 5.00 p.m., excluding public holidays in England and Wales)
Email: inv.trusts@aberdeenstandard.com

**Company Registration Number**
SC000881 (Scotland)

**Website**
dunedinincomegrowth.co.uk

**Registrar**
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder Helpline: 0371 384 2441*

(*Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider.)

Overseas helpline number: +44 (0)121 415 7047

**Depositary**
The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

**Stockbroker**
JPMorgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

**Auditor**
Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2DB

**United States Internal Revenue Service FATCA Registration Number ("GIIN")**
CJ1DH9.99999.SL.826

**Legal Entity Identifier ("LEI")**
549300PPXLZPR5JTL763

Visit us online
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