Murray Income Trust PLC

Half Yearly Report 31 December 2021

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

abrdn.com

Contents

Investment Objective

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

Benchmark

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

Performance Highlights

Net asset value total return[A]
Six months ended 31 December 2021

+7.2%

Year ended 30 June 2021 — +20.6%

Share price total return[A]
Six months ended 31 December 2021

+7.5%

Year ended 30 June 2021 — +18.5%

Benchmark total return
Six months ended 31 December 2021

+6.5%

Year ended 30 June 2021 — +21.4%

Ongoing charges[AB]
Forecast year to 30 June 2022

0.48%

Year ended 30 June 2021 — 0.46%

Earnings per share (revenue)
Six months ended 31 December 2021

17.7p

Six months ended 31 December 2020 — 13.5p

Dividend per Ordinary share
Year ended 30 June 2021

34.50p

Year ended 30 June 2020 — 34.25p

Discount to net asset value[A]
As at 31 December 2021

6.7%

As at 30 June 2021 — 6.8%

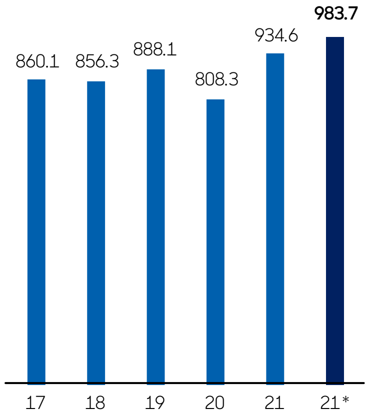
Dividend yield[A]
As at 31 December 2021

3.8%

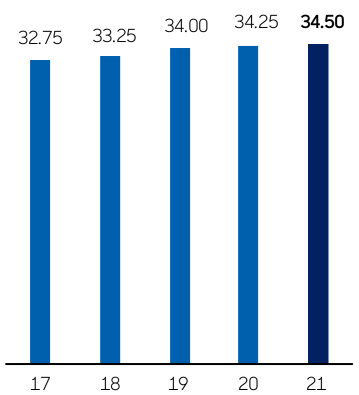
As at 30 June 2021 — 4.0%

[A] Considered to be an Alternative Performance Measure as set out on pages 27 and 28.
[B] In the year ended 30 June 2021 this was lower than would normally be expected due to the management fee waiver in respect of net assets transferred from Perpetual Income and Growth Investment Trust plc in November 2020.

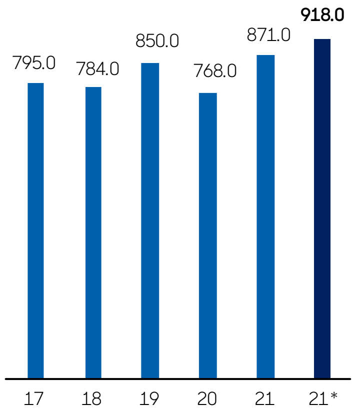
Net asset value per share
At 30 June (*31 December) – pence



Dividends per share
Year ended 30 June – pence



Mid-Market price per share
At 30 June (*31 December) – pence



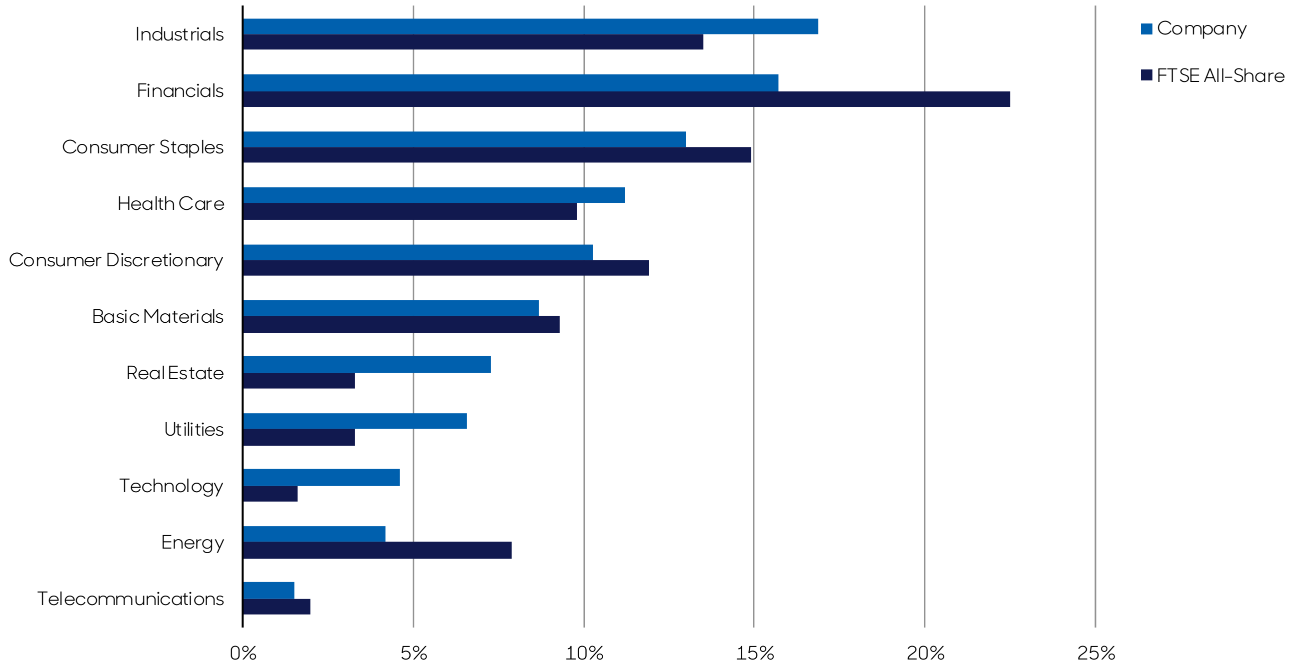
Financial Calendar and Dividends

Payment dates of quarterly dividends	**Dec, Mar, Jun, Sep**
Financial year end	**30 Jun**
Expected announcement date of annual results	**Sep**
Annual General Meeting (London)	**1 November 2022**

Dividends

	Rate	XD date	Record date	Payment date
First interim	8.25p	25 Nov 2021	26 Nov 2021	22 Dec 2021
Second interim	8.25p	17 Feb 2022	18 Feb 2022	17 Mar 2022
Third interim	8.25p	19 May 2022	20 May 2022	16 Jun 2022

Investment Portfolio by Sector as at 31 December 2021



“The really interesting story is one of dividend recovery.”

Neil Rogan, Chairman

Chairman's Statement

Performance was ahead of the FTSE All-Share Index (the Company's "Benchmark"), over the six months ended 31 December 2021. Shareholders continue to benefit from the enlarged scale of the Company following the merger with Perpetual Income & Growth Investment Trust (the "Merger") with net assets now £1.15bn, a lower blended annualised management fee rate of 0.33%, a lower forecast ongoing charges ratio of 0.48% (based on the Company's net asset value ("NAV") as at 31 December 2021) plus additional liquidity and lower bid-offer spreads when trading.

This is all good news. However, the really interesting story is one of dividend recovery.

The UK Equity Income sector was already out of favour when Covid-19 hit and caused many companies to slash or suspend their dividends. There have been net redemptions of over £2bn from the open-ended funds in the sector in each of the last two years, partly in response to Covid-19 but also due to a preference for growth and technology stocks elsewhere, particularly in the United States, although this has started to reverse in early 2022.

Link reports that calendar year 2020 dividends for the UK market as a whole fell 44% on 2019 levels while 2021 dividends (on an underlying basis) were up 22% on 2020. Link forecast dividends to fall 7% in 2022, which would leave them still 21% below 2019 levels. The Company's focus on quality companies has produced a very different experience and outlook: our Manager reported a 13% reduction in our portfolio income in 2020, followed by an 11% recovery in 2021, and now projects portfolio income levels to reach new highs later in 2022. This is not necessarily repeatable, but places us well ahead of our original forecasts.

We are not allowed to give dividend forecasts but it does look as if later this year the Board will be once again in the fortunate position of having to decide how much of this year's income to pay out as a higher dividend and how much to put into revenue reserves for future rainy days. That is from a starting point whereby our full year dividend per share of 34.50p for the year to 30 June 2021 represented a yield of 3.8% on the 31 December 2021 share price of 918.0p. By comparison the Benchmark's dividend yield at the same date was 3.2%.

Performance

Over the six months ended 31 December 2021, the Company's NAV per share rose 7.2% in total return terms, ahead of 6.5% for the Benchmark. The share price total return was 7.5% with the discount closing the period at 6.7%, almost the same level at which it started. For the full calendar year 2021, the NAV total return was 18.4%, the Benchmark returned 18.3% and the share price total return was 14.1%.

Looking over longer periods to the end of 31 December 2021, performance is also significantly ahead of the Benchmark over three, five and ten years. At the same time, we continue to grow our dividend with an increase chalked up in every one of the past 48 years. This puts us into the top ten on the AIC's list of 'Dividend Heroes' (the investment trusts with the longest records of consecutive annual dividend growth) as measured by the number of years of dividend growth.

Performance (Total return)	Year ended 31 December 2021 %	3 years ended 31 December 2021 %	5 years ended 31 December 2021 %	10 years ended 31 December 2021 %
NAV[A]	+18.4	+42.4	+47.3	+135.8
Share price[A]	+14.1	+42.9	+56.8	+127.7
FTSE All-Share Index	+18.3	+27.2	+30.3	+110.7

[A] Considered to be an Alternative Performance Measure.
Source: abrdn, Morningstar & Lipper

Investment Objective

The Company aims for a high and growing income combined with capital growth through investment in a portfolio principally of UK equities. Plain vanilla if you like, it is a diversified portfolio of quality companies.

Investment Process

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

Investment People

abrdn is our appointed investment management company. Charles Luke has been our portfolio manager since 2006. His deputy is Iain Pyle and they are members of the now seven-strong UK Equity Income pod which itself is part of the fourteen-strong UK Equity Team headed by Andrew Millington.

Annual General Meeting ("AGM")

We were delighted to have held our AGM on 2 November 2021 as normal in London and to have had so many shareholders attend, ask questions and stay for lunch afterwards. This year's AGM will be on 1 November 2022, also in London, before we have our centenary AGM in 2023 in Glasgow, where the Company was founded.

Dividend Policy

With the Merger complete, the Company has reverted to its normal practice of announcing in October each year, the first three interim dividends for the financial year. On 4 November 2021 we announced first, second and third interim dividends, each of 8.25p per share, to be paid on 22 December 2021, 17 March 2022 and 16 June 2022, respectively. The aggregate of the three interim dividends is 24.75p per share which is the same as that paid for the three interim dividends in respect of the previous year ended 30 June 2021. The Board expects that the fourth interim dividend per share, to be announced in August 2022 with payment due in September 2022, will be at least 10.00p per share as compared to 9.75p per share in the previous year.

In the year ended 30 June 2021 the Company was able to increase our full year dividend per share from 34.25p to 34.50p which represents a yield of 3.8% on the 31 December 2021 share price of 918.0p. We accomplished this by paying out 33.70p from last year's revenue earnings, supplemented by 0.80p from the Company's revenue reserves. This resulted in revenue reserves per share of 12.9p available to support future dividends, equivalent to over 37% of the last year's dividend of 34.50p.

Discount

Although the discount was almost the same at the start and end of the six months under review, this masked some volatility during the period. As a result, the Company bought back 340,015 shares during the six months ended 31 December 2021, representing 0.3% of the shares in issue (excluding treasury shares) as at 30 June 2021. These were the first shares bought back by the Company since 2018. The Board continues to monitor the discount regularly and will take appropriate action, where warranted, to reduce discount volatility.

As at 31 December 2021, and the date of approval of this Report, there were 116,705,472 Ordinary 25p shares in issue with voting rights and an additional 2,824,060 shares held in treasury.

Gearing

The Company's long-term borrowings of £100m comprise of £40m 2.51% Senior Loan Notes 2027 and £60m 4.37% Senior Loan Notes 2029, resulting in a blended borrowing cost of 3.6% per annum. Together with £30m increase to the Company's £50m multicurrency bank loan facility in October 2021, this provides for potential total borrowings of £150m, which is equivalent to 13.1% of net assets at 31 December 2021. With the beta of the investment portfolio currently running at 0.91 (meaning that, in statistical terms, the portfolio is expected to capture 91% of any market movement) the Board presently believes that the appropriate neutral gearing rate is 10%. At 31 December 2021 the actual amount of total borrowings was £119.3m, equivalent to 10.4% of net assets. The annualised cost of the Company's current borrowings is 0.20% of NAV.

Board

Shareholders will be aware that we operate normally as a Board of six Directors but, temporarily, moved to a higher number as a result of the Merger. Jean Park and Donald Cameron retired from the Board at the end of our AGM after each completing nine years of service. We thank them both for their hard work on behalf of shareholders and wish them well for the future.

Chairman's Statement

Continued

As explained in my Chairman's Statement within the 30 June 2021 Annual Report, we appointed Trust Associates to help identify a new director to return us to a Board of six members. The Company announced the appointment of Nandita Sahgal Tully on 3 November 2021. I and my fellow Directors are delighted to welcome Nandita to the Board, bringing more than 25 years' experience in financial services including UK and Emerging markets, ESG and impact investing.

Environmental, Social and Governance ("ESG")

One of the outcomes of the global climate summit, COP-26, held in November 2021 in our home city of Glasgow was a renewed focus on net zero in the Glasgow Climate Pact: where countries and companies are signing up to time commitments as to when their operations will become net zero in terms of carbon emissions and on what basis they will be measured. We can apply this focus to the Company also: 80% of the portfolio by value, by number 45 out of 61 companies held in the portfolio on 31 December 2021 have set out a net zero target date. The breakdown is shown in the following table:

	% of Portfolio by Value	Number of Companies
2030	37	21
2040	9	5
2050	34	19
Not yet committed	20	16
TOTAL	100	61

Source: abrdn

Our Manager continues to engage with those companies that have not yet set a timeframe as well as holding to account or pressing further those that have committed. From the numbers we can infer an average net zero date for the Company's portfolio of 2039. That number is a snapshot, it could move up or down if the portfolio changes and the outcomes are not in any case within our control. But it will be a useful number for comparison over time, while remembering that net zero is just one of the environmental factors within ESG.

ESG considerations are deeply embedded into the company analysis carried out by our Manager who is able to draw on the expertise of more than 30 in-house ESG specialists. This aims to mitigate risk and enhance returns, results in frequent dialogue with investee companies and helps to ensure that the companies in the portfolio are acting in the best long term interests of their shareholders and society at large.

The Investment Manager's Report contains further information on how ESG factors are incorporated into the Managers' investment approach. For more detailed information we would refer you to our 2021 Annual Report (pages 88 to 90) and to our website (**www.murray-income.co.uk**).

Update

From 31 December 2021 to 22 February 2022, the latest practicable date, the NAV per share total return and share price total return were -6.9% and -6.5%, respectively, while the discount had narrowed from 6.7% to 6.5%. The FTSE All-Share Index total return was -0.7%.

Outlook

The wall of worry is still very high. There is bad news everywhere you look and we are repeatedly told that the only way to fix it is to change the people in charge. Yet having a more popular leader does not seem to have made much of a difference to the sum of the United States' problems. Indeed, President Biden no longer seems to be more popular. It is not clear how much the UK experience would change under a new Prime Minister, even a Labour one.

We will most likely have to look elsewhere for solutions but, fascinatingly, potential solutions are often initially identified as new problems. It has always been thus: it is simply very difficult to agree what leads us out of a crisis except with hindsight. There are several emerging possibilities right now that are worth tracking:

- One way for pandemics to end is for variants to emerge that are ever more transmissible and less lethal. As they sweep through the population they eventually reach what used to be called "herd immunity" - until that became a contentious phrase two years ago. Contentious or not, it might have already happened in the UK thanks to the vaccine programme.

- Alarm bells are ringing about rising wage growth and its effects on inflation. Headlines tell us we have a cost of living crisis. But if the wage growth is largely confined to low and middle incomes, this becomes the mechanism that delivers lower inequality. And if wages outstrip inflation then the resultant real wage growth is likely to be positive for living standards and consumer spending. In 2021, wage growth was in line with rising inflation in the UK. Real wage growth in the next 12 months would be a significant positive surprise.
- Inflation out of control would be a serious problem but if a country starts from a position of very high net debt, then a sustained period of moderate inflation could actually be a solution: The nominal value of the debt does not change but the tax raised on rising incomes, spending and profits would grow. It is like having a mortgage and a pay rise every year to help pay it off. Inflation above the Bank of England's target of 2% for a few years could be beneficial.
- Monetary tightening, that is raising interest rates or reducing money supply growth, is commonly seen as negative for financial markets. Yet it should really depend on the starting point. As we have been through a long period of near-zero interest rates and rapid monetary expansion, if the economy starts to grow again it would be absolutely normal for interest rates to rise and money supply growth to reduce. Even if the pendulum swings too far, it will take a few years to reach there.
- In stock markets, there has been a big style rotation out of growth and momentum stocks, particularly in the technology and internet sectors. This has actually been happening for about 15 months but has become particularly noticeable so far in 2022. Cue headlines about bubbles bursting or the end of an era. Growth and momentum stocks do look expensive in an era of rising interest rates and recovering economic growth. But does it mean a new bear market? It is interesting that value and quality stocks still look reasonably attractive in absolute terms. The Company's quality portfolio stands on a 2022 price to earnings multiple of 16x times, clearly not a bubble rating. Maybe it's just a big rotation.

There are still so many fast moving influential variables that it remains very difficult to forecast the residual outcome with any true confidence. Known unknowns and unknown unknowns will undoubtedly cause setbacks. War in Ukraine is the most obvious source of volatility.

But the news is not all bad and there are some interesting potential solutions out there. While you wait, Murray Income Trust PLC allows you to own a diversified portfolio of quality companies, overseen by an active and engaged fund manager, with a dividend yield of 3.8% and a track record of 48 years of consecutive dividend growth.

Neil Rogan
Chairman
24 February 2022

Investment Manager's Report

The portfolio outperformed the FTSE All-Share Index (the "Benchmark") during the six months ended 31 December 2021 with the NAV per Ordinary share rising by 7.2% compared to an increase in the Benchmark of 6.5% (both figures calculated on a total return basis).

The portfolio's overweight positions in the electricity and real estate sectors benefited performance. In contrast, the underweight position in oil and gas, and the overweight exposure to the medical equipment and services sector detracted from relative performance. The holdings in Safestore, VAT and Croda were the most beneficial to relative returns while the three non-holdings of Royal Dutch Shell, Glencore and Experian detracted the greatest, relatively.

Five new holdings were purchased for the portfolio during the six months. The first purchase was Watkin Jones, a developer with a market-leading position which provides exposure to the attractive build to rent and purpose built student accommodation markets (see page 8 for further information). The second new entrant was Drax, the renewable energy company which uses waste wood products, where we see upside potential from BECCS (bioenergy with carbon capture and storage) which now has robust political backing, support from higher UK power prices and an attractive dividend yield. The third purchase was Nordea which we view as a higher returning bank operating in the Nordic region with an attractive dividend yield. The fourth new entrant was insurer Hiscox (please see page 13 for further information) where we believe the strength of the retail business is underappreciated and the company should benefit from a stronger rate environment. Finally, we participated in the IPO of private equity firm Bridgepoint, which we believe has an experienced management team and good client relationships which sets the company up well to continue its strong track record.

We increased exposure to a number of our existing holdings which we believe have high quality characteristics with attractive growth prospects including: Marshalls, OSB, Unite and Moonpig.

We sold five holdings during the period. Firstly, LondonMetric, as we believed that after a period of strong performance, the valuation and dividend yield of the company was no longer compelling. Secondly, the small holding in Telecom Plus was exited given the uncertain industry backdrop. Thirdly, the very small holding in Jackson Financial shares that were received when the business was demerged from Prudential were sold. Finally, both John Laing and Sanne were sold at a pleasing profit following bids.

Profits were taken in a number of holdings that had performed strongly and where the valuation had started to look less attractive such as Dechra Pharmaceuticals, Croda, Nestle and VAT.

We continued our measured option-writing programme which is based on our fundamental analysis of holdings in the portfolio. We believe that the option-writing strategy, which we have now employed for over 10 years, is of benefit to the Company by diversifying and increasing the level of income generated, providing headroom to invest in companies with lower starting yields but better dividend and capital growth prospects.

Environmental, Social and Governance ("ESG")

ESG engagement issues are often addressed as part of our regular meetings with management. However, we also engage on a variety of specific issues outside our regular meetings cycle. It should be noted that given the quality threshold inherent in the portfolio, these meetings are rarely about issues for which we hold significant concerns. To provide a couple of examples of our engagement during the period. Firstly, we held a meeting with the Chair and Head of Sustainability of Marshalls around the reduction of emissions and work with the Carbon Trust to update carbon labelling together with governance issues for which we were reassured that the company remains engaged and receptive to our suggestions. Secondly, we conducted a meeting with Novo Nordisk's Vice President for Sustainability to discuss the company's strategic environmental aspirations. The company has a strong track record of integrating sustainability but we suggested more disclosure around Scope 3 emissions.

Market and Economic Background

The UK equity market rose by 6.5% on a total return basis over the six month period. Sentiment was influenced by concerns around the virus (in particular the delta variant in July and the omicron variant in November) together with the prospects for inflation and higher interest rates. Despite these concerns the market made good progress aided by robust earnings delivery and supportive oil prices.

Performance at a sector level was mixed. Beverages and oil and gas companies performed well but travel and leisure companies struggled. The FTSE100 Index and the Mid Cap Index performed in line with each other.

Domestic economic data published across the period reflected the circuitous return to more normal economic conditions. After surprising investors in November by maintaining rates at the all-time low of 0.1%, The Bank of England ("BoE") raised interest rates to 0.25% at its December meeting, the first rate hike in over three years (subsequently increased to 0.5% in February 2022).

The BoE acted to control inflation, which hit a near two decade high of 5.4% (year on year) in December. Energy prices, as well as clothing, food and second-hand car prices, were major factors, compounded by ongoing global supply chain problems. This calendar year we are expecting three 0.25% rate increases from the BoE, which would see rates reach 1% by the end of 2022. We then expect a further two increases in 2023, taking rates to 1.5%. In October, updated forecasts from the UK's Office for Budget Responsibility reduced the permanent scarring estimate, due to Covid, from a 3% hit to GDP to 2%. In November, GDP breached the pre-pandemic level for the first time. The latest estimate from the International Monetary Fund is for GDP growth in the UK of 4.7% in 2022 and although this represents a 0.3% reduction from their previous forecast it is still stronger growth than any other G7 country. The OECD also recognises the UK as the fastest growing G7 economy this year.

Overseas, recent data has suggested that the global economy continues its recovery but the progression of the omicron variant has diminished the pace of the upturn to varying degrees with supply bottlenecks also weighing on activity. In the Eurozone the most recent Purchasing Managers' Index data suggested slowing growth with the pace of expansion hitting a near 12 month low given virus restrictions. In the United States, upside surprises in inflation and mounting evidence of labour market tightness exacerbated by omicron heralds the start of a period of rate hikes likely from March of perhaps 100bps this year. In China, economic activity is on a generally firm footing but a continued downturn in the property sector and uncertainty around omicron has tempered growth rates more recently.

Outlook

Catalysed by hawkish signals from the Fed given concerns around the inflation outlook, real bond yields have risen since the start of the calendar year. This has resulted in a sharp style rotation within the equity market favouring value at the expense of quality and growth companies which tend to have a longer duration of earnings while 'concept' stocks (mostly in the technology sector) with little or no cashflows have been particularly affected. Macro influences can have a salient impact on share prices in the short term but we are reminded of the saying attributed to the famous investor Benjamin Graham that 'in the short run the market is a voting machine, but in the long run it is a weighing machine' or in other words long term share price performance will reflect the fundamentals of the businesses that we invest in and that is certainly borne out empirically.

At the time of writing, the Russian invasion of Ukraine has just commenced for which the outcome and consequences are currently unknown. However, for now, our baseline forecasts are for global growth to remain above trend in 2022, helped by a rebound from the Omicron headwind. For the UK, in particular, the backdrop is generally supportive with pent-up demand and a fast booster rollout, albeit the prospect of higher utility bills weighing on consumer disposable income and other less benign inflationary pressures are increasingly areas of concern.

We take comfort that the valuations of UK-listed companies remain attractive on a relative basis and as such we think a fair proportion of the portfolio may be vulnerable to corporate activity. Moreover, the dividend yield of the UK market remains at an appealing premium to other regional equity markets let alone other asset classes. Furthermore, international investors remain underweight the UK providing a further underpin. Therefore, we feel very comfortable maintaining our long term focus on investments in high quality companies capable of sustainable earnings and dividend growth.

Charles Luke and Iain Pyle,
Aberdeen Asset Managers Limited
Investment Manager
24 February 2022

Ten Largest Investments

As at 31 December 2021

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.

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.

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.

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

Safestore
Safestore is a leading owner and operator of self-storage facilities with a focus on London and Paris. There is potential to expand in various European countries where the industry is under-developed.

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 combines an appealing dividend yield combined with a strong balance sheet.

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

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

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.

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.

Investment Portfolio

As at 31 December 2021

Investment	Sector	Country	Valuation £'000	Total investments %
Diageo	Beverages	UK	63,256	5.1
AstraZeneca	Pharmaceuticals and Biotechnology	UK	61,238	4.9
Relx	Media	UK	48,918	3.9
SSE	Electricity	UK	36,132	2.9
Safestore Holdings	Real Estate Investment Trusts	UK	34,907	2.8
BHP Group	Industrial Metals and Mining	UK	34,798	2.8
TotalEnergies	Oil Gas and Coal	France	32,410	2.6
Coca-Cola HBC	Beverages	UK	32,264	2.6
Unilever	Personal Care, Drug and Grocery Stores	UK	31,196	2.5
Rio Tinto	Industrial Metals and Mining	UK	30,411	2.5
Top ten investments			**405,530**	**32.6**
Inchcape	Industrial Support Services	UK	30,296	2.4
Standard Chartered	Banks	UK	30,144	2.4
Close Brothers	Banks	UK	29,922	2.4
Croda International	Chemicals	UK	28,660	2.3
National Grid	Gas Water and Multi-utilities	UK	27,544	2.2
Aveva	Software and Computer Services	UK	25,782	2.1
Howden Joinery	Retailers	UK	23,598	1.9
Sirius Real Estate	Real Estate Investment and Services	UK	22,618	1.8
Rentokil Initial	Industrial Support Services	UK	22,036	1.8
Marshalls	Construction and Materials	UK	21,986	1.7
Top twenty investments			**668,116**	**53.6**
OSB	Finance and Credit Services	UK	20,949	1.7
Countryside Properties	Household Goods and Home Construction	UK	20,170	1.6
Euromoney Institutional Investor	Industrial Support Services	UK	19,545	1.6
Direct Line Insurance	Non-life Insurance	UK	19,390	1.6
BP	Oil Gas and Coal	UK	19,252	1.5
Novo-Nordisk	Pharmaceuticals and Biotechnology	Denmark	19,130	1.5
Drax	Electricity	UK	18,972	1.5
GlaxoSmithKline	Pharmaceuticals and Biotechnology	UK	18,263	1.5
M&G	Investment Banking and Brokerage Services	UK	18,112	1.5
Vistry	Household Goods and Home Construction	UK	17,901	1.4
Top thirty investments			**859,800**	**69.0**

Investment Portfolio

Continued

As at 31 December 2021

Investment	Sector	Country	Valuation £'000	Total investments %
Nordea Bank	Banks	Sweden	17,603	1.4
Mondi	General Industrials	UK	17,098	1.4
Microsoft	Software and Computer Services	USA	16,852	1.3
Weir Group	Industrial Engineering	UK	16,846	1.3
Nestle	Food Producers	Switzerland	16,727	1.3
Smith (DS)	General Industrials	UK	15,895	1.3
Genuit	Construction and Materials	UK	15,588	1.3
Prudential	Life Insurance	UK	14,949	1.2
Bodycote	Industrial Metals and Mining	UK	14,399	1.2
Sage Group	Software and Computer Services	UK	14,353	1.2
Top forty investments			**1,020,110**	**81.9**
Convatec	Medical Equipment and Services	UK	14,297	1.2
VAT Group	Electronic and Electrical Equipment	Switzerland	14,086	1.1
Ashmore Group	Investment Banking and Brokerage Services	UK	13,972	1.1
XP Power	Electronic and Electrical Equipment	UK	13,968	1.1
Telenor	Telecommunications Service Providers	Norway	13,543	1.1
Smith & Nephew	Medical Equipment and Services	UK	13,158	1.1
Dechra Pharmaceuticals	Pharmaceuticals and Biotechnology	UK	12,976	1.0
Intermediate Capital	Investment Banking and Brokerage Services	UK	12,791	1.0
Kone	Industrial Engineering	Finland	12,279	1.0
Unite Group	Real Estate Investment Trusts	UK	11,772	1.0
Top fifty investments			**1,152,952**	**92.6**
Fevertree	Beverages	UK	11,563	0.9
Assura	Real Estate Investment Trusts	UK	11,044	0.9
Electrocomponents	Industrial Support Services	UK	10,561	0.9
Industrials REIT	Real Estate Investment Trusts	UK	10,202	0.8
Watkin Jones	Household Goods and Home Construction	UK	9,213	0.7
Moonpig	Retailers	UK	8,902	0.7
Bridgepoint	Investment Banking and Brokerage Services	UK	8,061	0.7
Chesnara	Life Insurance	UK	7,389	0.6
Mowi	Food Producers	Norway	7,331	0.6
Accton Technology	Telecommunications Equipment	Taiwan	5,551	0.4
Hiscox	Non-life Insurance	UK	2,796	0.2
Total investments (61)			**1,245,565**	**100.0**

Investment Case Studies

Watkins Jones

Watkin Jones, with a market capitalisation of approximately £700m and listed on the AIM market, is a developer of build to rent and student accommodation. These operations both have significant long term growth potential as institutions increase their exposure to these assets. The company has a capital-light business model allowing it to make very attractive returns on capital as their projects are largely forward-funded by institutional investors. The company is a leading player in this segment with an extensive pipeline of developments (which includes expansion into the affordable homes segment) and significant barriers to entry which revolve around planning expertise, sourcing land, client relationships and a strong track record. The company also has a property management business which is a positive differentiating factor. We think that the earnings growth, very strong net cash balance sheet and quality characteristics are conspicuously under-appreciated by the market given the company's modest price to earnings valuation ratio and attractive dividend yield.

Hiscox

Hiscox (with a market capitalisation of approximately £3bn) is a diversified international insurance group with a strong long-term culture. We started a new holding in the company during the six months having previously owned shares which were sold at the end of 2019. At that time we decided to sell the holding given concerns around pricing and social inflation in the company's retail business, coupled with rising catastrophe losses. We now believe that these issues have ameliorated or have been dealt with through efforts at reinsurance (in the case of claims inflation), repricing or exiting parts of the business. In addition, catastrophe losses seem better priced in as the market has hardened. The growth attractions of the retail business (which represents around 75% of earnings), particularly in the United States with its strong brand resonance serving micro SMEs, do not seem to be reflected in the valuation, nor is the strength of the capital base, which is in very good shape.

Interim Board Report

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties which it has identified, together with the delegated controls it has established to manage the risks and address the uncertainties. These are considered to be unchanged as at 31 December 2021, as compared to 30 June 2021, other than in relation to the Board's perception of heightened interest rate risk and geopolitical uncertainty, noting the potential volatility associated with the conflict in Ukraine, which the Board anticipates will persist over the six months to 30 June 2022. The principal risks and uncertainties are set out in detail on pages 18 to 21 of the Company's Annual Report for the year ended 30 June 2021 ("Annual Report 2021") which is available on the Company's website. The Annual Report 2021 also contains, in note 17 to the Financial Statements, an explanation of other risks relating to the Company's investment activities, specifically market risk, liquidity risk and credit risk, and a note of how these risks are managed.

Related Party Transactions

Under Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors as related parties. No other related parties have been identified. There have been no related party transactions that have had a material effect on the financial position of the Company.

Going Concern

The factors which have an impact on the Company's status as a going concern are set out in the Going Concern section of the Directors' Report on page 42 of the Annual Report 2021. As at 31 December 2021, there had been no significant changes to these factors.

The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with covenants associated with the Senior Loan Notes and bank facilities. As at 31 December 2021, in addition to the £40m 10 year Senior Loan Notes 2027 and £60m 10 year Senior Loan Notes 2029, £6.3m of the Company's three-year £50m multi-currency revolving bank credit facility (the "Facility") was drawn down. On the expiry of the Facility in October 2024, the Company would expect to continue to access a credit facility. However, should acceptable terms for a new credit facility not be forthcoming at that time, any outstanding borrowing will be repaid through the proceeds of equity sales.

The Directors are mindful of the principal risks and uncertainties disclosed above and, having reviewed forecasts detailing revenue and liabilities, they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the Financial Statements.

US Executive Order No. 14032

The Board confirms that the Company has not and does not intend to invest in any of the companies designated as "Chinese Military-Industrial Complex Companies" by the US Executive Order No. 14032.

Statement of Directors' Responsibilities

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 Half-Yearly Board Report includes a fair review of the information required by rule 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 financial year); and
- the Half-Yearly Board Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half-Yearly Financial Report for the six months ended 31 December 2021 comprises the Half-Yearly Board Report, the Directors' Responsibility Statement and the condensed set of Financial Statements.

For and on behalf of the Board
Neil Rogan,
Chairman
24 February 2022

Condensed Statement of Comprehensive Income (unaudited)

		Six months ended 31 December 2021			Six months ended 31 December 2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		**–**	**59,821**	**59,821**	–	47,935	47,935
Currency (losses)/gains		**–**	**(19)**	**(19)**	–	103	103
Income	2	**22,562**	**–**	**22,562**	11,852	–	11,852
Investment management fees	4, 13	**(611)**	**(1,425)**	**(2,036)**	(365)	(851)	(1,216)
Administrative expenses		**(748)**	**–**	**(748)**	(648)	–	(648)
Net return before finance costs and taxation		**21,203**	**58,377**	**79,580**	10,839	47,187	58,026
Finance costs		**(344)**	**(802)**	**(1,146)**	(218)	(509)	(727)
Net return before taxation		**20,859**	**57,575**	**78,434**	10,621	46,678	57,299
Taxation	5	**(130)**	**–**	**(130)**	(13)	–	(13)
Net return after taxation		**20,729**	**57,575**	**78,304**	10,608	46,678	57,286
Return per Ordinary share	6	**17.7p**	**49.2p**	**66.9p**	13.5p	59.4p	72.9p

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are both prepared under guidance issued by the Association of Investment Companies.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains or losses are recognised in the Condensed Statement of Comprehensive Income.

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

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

Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 December 2021 £'000	As at 30 June 2021 £'000
Non-current assets			
Investments at fair value through profit or loss		**1,245,565**	1,202,290
Current assets			
Other debtors and receivables		**5,298**	8,345
Cash and cash equivalents		**17,352**	4,493
		22,650	12,838
Creditors: amounts falling due within one year			
Derivative financial instruments		**(865)**	–
Other payables		**(1,563)**	(2,749)
Bank loans	7	**(6,257)**	(6,241)
		(8,685)	(8,990)
Net current assets		**13,965**	3,848
Total assets less current liabilities		**1,259,530**	1,206,138
Creditors: amounts falling due after one year			
2.51% Senior Loan Notes 2027	7	**(39,924)**	(39,918)
4.37% Senior Loan Notes 2029	7	**(71,571)**	(72,361)
		(111,495)	(112,279)
Net assets		**1,148,035**	1,093,859
Capital and reserves			
Share capital	8	**29,882**	29,882
Share premium account		**438,213**	438,213
Capital redemption reserve		**4,997**	4,997
Capital reserve		**648,782**	594,282
Revenue reserve		**26,161**	26,485
Total Shareholders' funds		**1,148,035**	1,093,859
Net asset value per Ordinary share	9		
Debt at par value		**983.7p**	934.6p

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

Condensed Statement of Changes in Equity (unaudited)

Six months ended 31 December 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2021	29,882	438,213	4,997	594,282	26,485	1,093,859
Net return after tax	–	–	–	57,575	20,729	78,304
Buyback of shares	–	–	–	(3,075)	–	(3,075)
Dividends paid (note 3)	–	–	–	–	(21,053)	(21,053)
Balance at 31 December 2021	29,882	438,213	4,997	648,782	26,161	1,148,035

Six months ended 31 December 2020

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2020	17,148	24,020	4,997	466,001	22,195	534,361
Net return after tax	–	–	–	46,678	10,608	57,286
Issue of shares on merger	12,734	414,486	–	–	–	427,220
Cost of shares issued in respect of the combination	–	(293)	–	–	–	(293)
Dividends paid (note 3)	–	–	–	–	(14,577)	(14,577)
Balance at 31 December 2020	29,882	438,213	4,997	512,679	18,226	1,003,997

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

Condensed Statement of Cash Flows (unaudited)

	Notes	Six months ended 31 December 2021 £'000	Six months ended 31 December 2020 £'000
Operating activities			
Net return before finance costs and taxation		**79,580**	58,026
Increase in accrued expenses		**445**	535
Overseas withholding tax		**(648)**	(13)
Dividend income		**(21,566)**	(10,929)
Dividends received		**22,382**	9,764
Interest paid		**(1,131)**	(392)
Amortisation of Loan Notes		**(784)**	(185)
Foreign exchange losses/(gains)		**19**	(103)
Gains on investments		**(59,821)**	(47,935)
Increase in other debtors		**(165)**	(1,843)
Stock dividends included in investment income		**(2,696)**	(245)
Net cash inflow from operating activities		**15,615**	6,680
Investing activities			
Purchases of investments		**(95,243)**	(54,759)
Sales of investments		**116,577**	24,025
Costs associated with the combination		**–**	(635)
Net cash inflow from investing activities		**21,334**	(31,369)
Financing activities			
Dividends paid	3	**(21,053)**	(14,577)
Buyback of shares for treasury		**(3,034)**	–
Cost of shares issued in respect of the combination		**–**	(293)
Net cash acquired and received following the combination		**–**	40,248
Repayment of bank loans		**(6,290)**	(6,582)
Drawdown of bank loans		**6,258**	6,568
Net cash outflow from financing activities		**(24,119)**	25,364
Increase in cash		**12,830**	675
Analysis of changes in cash during the period			
Opening balance		**4,493**	16,365
Effect of exchange rate fluctuations on cash held		**29**	(45)
Increase in cash as above		**12,830**	675
Closing balance		**17,352**	16,995

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

Notes to the Financial Statements (unaudited)

For the year ended 31 December 2021

1. Accounting policies

Basis of preparation. The condensed financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in April 2021. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The condensed financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

2. Income

	Six months ended 31 December 2021 £'000	Six months ended 31 December 2020 £'000
Investment income		
UK dividends	**14,927**	8,960
Overseas dividends	**3,698**	1,117
Property income dividends	**245**	607
Stock dividends	**2,696**	245
	21,566	10,929
Other income		
Traded option premiums	**996**	923
	996	923
Total income	**22,562**	11,852

3. Dividends

Dividends paid on Ordinary shares deducted from the revenue reserve:

	Six months ended 31 December 2021 £'000	Six months ended 31 December 2020 £'000
2020 fourth interim dividend – 9.50p	**–**	6,280
2021 first interim dividend – 12.55p	**–**	8,297
2021 fourth interim dividend – 9.75p	**11,412**	–
2022 first interim dividend – 8.25p	**9,641**	–
	21,053	14,577

The first interim dividend for 2022 of 8.25p (2021 – 12.55p) was paid on 22 December 2021 to shareholders on the register on 26 November 2021. The ex-dividend date was 25 November 2021.

Notes to the Financial Statements (unaudited)

Continued

A second interim dividend for 2022 of 8.25p (2021 – 3.95p) will be paid on 17 March 2022 to shareholders on the register on 18 February 2022. The ex-dividend date is 17 February 2022.

A third interim dividend for 2022 of 8.25p (2021 – 8.25p) will be paid on 16 June 2022 to shareholders on the register on 20 May 2022. The ex-dividend date is 19 May 2022.

4. Management fee and finance costs

The management fee and finance costs are as reported in the Annual Report 2021 being a tiered fee based on net assets and calculated as follows:

Fee rate per annum	Net assets	£'million
0.55%	less than	350
0.45%	within the range	350-450
0.25%	greater than	450

Aberdeen Standard Fund Managers Limited agreed to waive the management fee payable by the Company in respect of the net assets transferred to the Company for a period of 182 days following completion of the merger on 17 November 2020. This approimated to £199,000 for the period to 31 December 2020.

5. Taxation

The expense for taxation 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 30 June 2022 is an effective rate of 19% (2021 – 19%).

During the period the Company suffered withholding tax on overseas dividend income of £130,000 (31 December 2020 – £13,000).

6. Return per Ordinary share

	Six months ended 31 December 2021		Six months ended 31 December 2020	
	£'000	p	£'000	p
Revenue return	**20,729**	**17.7**	10,608	13.5
Capital return	**57,575**	**49.2**	46,678	59.4
Total return	**78,304**	**66.9**	57,286	72.9
Weighted average number of Ordinary shares in issue		**116,964,663**		78,567,605

7. Senior Loan Notes and bank loans

Senior Loan Notes

The Company has in issue £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 Note Purchase Agreement that the ratio of net assets to gross borrowings must be greater than 3.5:1 and that net assets must not be less than £550,000,000. The fair value of the 2.51% Senior Loan Notes as at 31 December 2021 was £40,000,000 (30 June 2021 – £40,000,000), the value being calculated by aggregating the expected future cash flows discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time.

As a result of the combination with Perpetual Income and Growth Investment Trust plc on 17 November 2020, £60,000,000 of 15 year Senior Loan Notes at a fixed rate of 4.37% issued on 8 May 2014 were novated to the Company. Under FRS 102 the loan notes are required to be recorded initially at their fair value of £73,344,000 in the Company's financial statements and are amortised over the remaining life of the loan. The amortisation of the fair value adjustment is presented as a finance cost, split 70% to capital and 30% to revenue. Interest is payable in half yearly instalments in May and November and the Loan Notes are due to be redeemed at par on 8 May 2029. The Loan Notes are secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Note Purchase Agreement that the ratio of net assets to gross borrowings must be greater than 2:1 and that net assets must not be less than £550,000,000. The fair value of the 4.37% Senior Loan Notes as at 31 December 2021 was £69,508,000 (30 June 2021 – £70,893,000), the value being based on a comparable quoted debt security.

	31 December 2021 £'000	30 June 2021 £'000
2.51% Senior Loan Notes	**40,000**	40,000
Unamortised 2.51% Senior Loan Notes issue expenses	**(76)**	(82)
4.37% Senior Loan Notes at fair value	**73,344**	73,344
Amortisation of 4.37% Senior Loan Note	**(1,773)**	(983)
	111,495	**112,279**

Notes to the Financial Statements (unaudited)

Continued

Bank loans

The Company's one year £20 million multi-currency unsecured revolving bank credit facility with Scotiabank Europe expired during the period and was replaced by a new three year £50 million multi-currency unsecured revolving bank credit facility with Bank of Nova Scotia Limited, committed until October 2024. At 31 December 2021 the Company had drawn down £6,257,000 (30 June 2021 – £6,241,000) of the facility.

	31 December 2021			30 June 2021		
	Rate	Currency	£'000	Rate	Currency	£'000
Euro	**1.15%**	**2,326,000**	**1,953**	0.95%	2,326,000	1,997
Swiss Franc	**1.35%**	**2,500,000**	**2,026**	0.95%	2,500,000	1,958
US Dollar	**1.38%**	**768,000**	**567**	1.03%	768,000	556
Danish Krona	**1.15%**	**5,410,000**	**611**	0.95%	5,410,000	624
Norwegian Krone	**1.84%**	**13,145,000**	**1,100**	1.13%	13,145,000	1,106
			6,257			6,241

8. Share capital

	Six months ended 31 December 2021	Year ended 30 June 2021
Ordinary shares of 25p each: publicly held		
Opening balance	**117,046,487**	66,110,413
Issue of shares on combination	**–**	50,936,074
Buyback of shares for treasury	**(341,015)**	–
	116,705,472	117,046,487
Ordinary shares of 25p each; held in treasury		
Opening balance	**2,483,045**	2,483,045
Buyback of shares for treasury	**341,015**	–
	2,824,060	2,483,045
Total issued share capital	**119,529,532**	119,529,532

During the period 341,015 Ordinary shares were bought back for treasury at a cost of £3,075,000. There have been no shares bought back since 31 December 2021, as at the date of approval of this Report.

9. Net asset value per Ordinary share

The net asset value and the net asset value attributable to the Ordinary shares at the end of the period follow. These were calculated using 116,705,472 (30 June 2021 – 117,046,487) Ordinary shares in issue at the period end (excluding treasury shares).

	31 December 2021		30 June 2021	
	Net Asset Value Attributable		Net Asset Value Attributable	
	£'000	pence	£'000	pence
Net asset value – debt at par	**1,148,035**	**983.7**	1,093,859	934.6
Add: amortised cost of 2.51% Senior Loan Notes	**39,924**	**34.2**	39,918	34.1
Less: fair value of 2.51% Senior Loan Notes	**(40,000)**	**(34.3)**	(40,000)	(34.2)
Add: amortised cost of 4.37% Senior Loan Notes	**71,571**	**61.3**	72,361	61.8
Less: fair value of 4.37% Senior Loan Notes	**(69,508)**	**(59.6)**	(70,893)	(60.6)
Net asset value – debt at fair value	**1,150,022**	**985.3**	1,095,245	935.7

10. Transaction costs

During the period, 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 Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 December 2021 £'000	Six months ended 31 December 2020 £'000
Purchases[A]	**315**	224
Costs associated with the combination[B]	**–**	2,519
Sales[A]	**58**	7
	373	2,750

[A] Costs associated with the purchases and sale of portfolio investments in the normal course of the Company's business comprising stamp duty, financial transaction taxes and brokerage.
[B] Costs associated with the acquisition of assets from Perpetual Income and Growth Investment Trust plc, comprising £1,863,000 relating to stamp duty and financial transaction taxes and £656,000 relating to professional fees.

Notes to the Financial Statements (unaudited)

Continued

11. 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 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 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 December 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	**1,245,565**	**–**	**–**	**1,245,565**
Financial liabilities at fair value through profit or loss					
Derivatives	b)	**(291)**	**(574)**	**–**	**(865)**
Net fair value		**1,245,274**	**(574)**	**–**	**1,244,700**

As at 30 June 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,202,290	–	–	1,202,290
Net fair value		1,202,290	–	–	1,202,290

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) **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 therefore has been included in Fair Value Level 1.

The fair value of the Company's investments in Over the Counter Options (where the underlying equities are also held) has been determined using observable market inputs other than quoted prices of the underlying equities (which are included within Fair Value level 1) and therefore determined as Fair Value Level 2.

The fair value of the 2.51% Senior Loan Notes have been calculated as £40,000,000 (30 June 2021 – £40,000,000), 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 £39,924,000 (30 June 2021 – £39,918,000).

The fair value of the 4.37% Senior Loan Notes, have been calculated as £69,508,000 (30 June 2021 – £70,893,000), the value being based on a comparable debt security, compared to carrying amortised cost of £71,571,000 (30 June 2021 – £72,361,000).

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

12. Analysis of changes in net debt

	At 30 June 2021 £000	Currency differences £000	Cash flows £000	Non-cash movements £000	At 31 December 2021 £000
Cash and cash equivalents	**4,493**	**29**	**12,830**	**–**	**17,352**
Debt due within one year	**(6,241)**	**(48)**	**32**	**–**	**(6,257)**
Debt due after one year	**(112,279)**	**–**	**–**	**784**	**(111,495)**
Total	**(114,027)**	**(19)**	**12,862**	**784**	**(100,400)**

	At 30 June 2020 £000	Currency differences £000	Cash flows £000	Non-cash movements[A] £000	At 31 December 2020 £000
Cash and cash equivalents	16,365	(45)	675	–	16,995
Debt due within one year	(6,667)	148	14	–	(6,505)
Debt due after one year	(39,904)	–	–	(73,159)	(113,063)
	(30,206)	103	689	(73,159)	(102,573)

[A] As a result of the combination with Perpetual Income and Growth Investment Trust plc on 17 November 2020, £60,000,000 of 15 year Senior Loan Notes at a fixed rate of 4.37% issued on 8 May 2014 were novated to the Company. Under FRS 102 the loan notes are required to be recorded initially at their fair value of £73,344,000 in the Company's Financial Statements and are then amortised over the remaining life of the loan towards their redemption value of £60,000,000.

13. Transactions with the Manager

The Company has delegated the provision of investment management, secretarial, accounting and administration and promotional services to Aberdeen Standard Fund Managers Limited ("ASFML" or the "Manager").

The amounts charged for the period are set out below:

	Six months ended 31 December 2021 £'000	Six months ended 31 December 2020 £'000
Management fees	**2,036**	1,216
Promotional activities	**240**	241
Secretarial fees	**45**	45
	2,321	1,502

The amounts payable at the period end are set out below:

	Six months ended 31 December 2021 £'000	Six months ended 31 December 2020 £'000
Management fees	**675**	373
Promotional activities	**120**	94
Secretarial fees	**23**	23
	818	490

No fees are charged in the case of investments managed or advised by the abrdn Group. There were no commonly managed funds held in the portfolio during the six months to 31 December 2021 (2020 – one). The management agreement may be terminated by either party on the expiry of three months written notice. On termination the Manager would be entitled to receive fees which would otherwise have been due up to that date.

14. Segmental Information

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.

15. The financial information in this report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 30 June 2021 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and contained no statement under Section 498 of the Companies Act 2006.

16. This Half-Yearly Financial Report was approved by the Board on 24 February 2022.

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 FRS102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are reviewed as particularly relevant for closed-end investment companies.

Total return

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

		Share price	NAV
Opening at 1 July 2021	a	871.0p	934.6p
Closing at 31 December 2021	b	918.0p	983.7p
Price movements	c=(b/a)-1	5.4%	5.3%
Dividend reinvestment[A]	d	2.1%	1.9%
Total return	c+d	**7.5%**	**7.2%**

[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.

		31 December 2021	30 June 2021
NAV per Ordinary share (p)	a	**983.7p**	934.6p
Share price (p)	b	**918.0p**	871.0p
Discount	(b-a)/a	**(6.7%)**	(6.8%)

Dividend yield

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

		31 December 2021	30 June 2021
Dividends per share (p)	a	**34.50p**	34.50p
Share price (p)	b	**918.0p**	871.0p
Dividend yield	a/b	**3.8%**	4.0%

Alternative Performance Measures ("APMs")

Continued

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents dividend by shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due to and from brokers at the year end as well as cash and cash equivalents.

		31 December 2021	30 June 2021
Borrowings (£'000)	a	**117,752**	118,520
Cash (£'000)	b	**17,352**	4,493
Amounts due to brokers (£'000)	c	**42**	1,191
Amounts due from brokers (£'000)	d	**–**	2,914
Shareholders' funds (£'000)	e	**1,148,035**	1,093,859
Net gearing	(a-b+c-d)/e	**8.7%**	10.3%

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 daily net asset values with debt at fair value published throughout the period. The ratio for 31 December 2021 is based on forecast ongoing charges for the year ending 30 June 2022.

		31 December 2021	30 June 2021
Investment management fees (£'000)	a	**4,096**	2,512
Administrative expenses (£'000)	b	**1,456**	1,443
Less: non-recurring charges[A] (£'000)	c	**(22)**	(115)
Ongoing charges (£'000)	a+b+c	**5,530**	3,840
Average net assets (£'000)	d	**1,141,122**	841,850
Ongoing charges ratio	(a+b+c)/d	**0.48%**	0.46%

[A] 31 December 2021 comprises £20,000 relating to recruitment costs and £2,000 relating to legal fees unlikely to recur. 30 June 2021 comprises £18,000 for legal fees and £6,000 for audit fees relating to the combination and £91,000 relating to HMRC penalty for late payment of stamp duty associated with the combination.

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.

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 BNP Paribas Securities Services, London Branch as its depositary under the AIFMD.

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager ("AIFM") of Murray Income Trust PLC (the "Company"), 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**

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

abrdn has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for abrdn. abrdn 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 abrdn and any third party making such offers/claims has no link with abrdn.

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

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

Shareholder Enquiries

In the event of queries regarding holdings of shares, lost certificates, dividend payments, registered details, shareholders holding their shares in the Company directly should contact the registrar, Link Group (see Corporate Information). Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the registrar in writing.

Any general queries about the Company should be directed to the Company Secretaries in writing (see Corporate Information) or by email to: **cef.cosec@abrdn.com.**

For questions about an investment held through the abrdn Investment Plan for Children, Investment Trust Share Plan or Investment Trust Stocks and Shares ISA, please telephone the Manager's Customer Services Department on **0808 500 0040**, email **inv.trusts@abrdn.com** or write to abrdn Investment Trusts, PO Box 11020, Chelmsford Essex CM99 2DB.

Dividend Tax Allowance

The annual tax-free personal allowance on dividend income is £2,000 for the 2021/2022 tax year (2020/2021 - £2,000). Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide 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

Individual investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, shares can be bought directly through the abrdn Investment Plan for Children, abrdn Share Plan or abrdn ISA, or through the many stockbroker platforms which offer the opportunity to acquire shares in investment companies

abrdn Investment Plan for Children

abrdn operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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%) 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 abrdn in writing at any time.

Investor Information

Continued

abrdn Share Plan

abrdn operates runs a Share Plan (the "Share 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%) where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Share Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn ISA

An investment of up to £20,000 can be made in an ISA in the 2022/2023 tax year.

The annual ISA administration charge for the abrdn ISA (the "ISA") 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. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

abrdn ISA Transfer

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

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in the Children's Plan, Share Plan and ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Literature Request Service

For literature and application forms for abrdn Investment Trusts' products, please contact us through: **invtrusts.co.uk**, telephone the Manager's Customer Services Department on **0808 500 4000** or write to: abrdn Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Terms and Conditions

Terms and conditions for abrdn managed savings products can also be found under the Literature section of the Manager's website at: **invtrusts.co.uk.**

Keeping You Informed

Further information about the Company may be found on its 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.

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

Twitter:

@abrdnTrusts

LinkedIn:

abrdn Investment Trusts

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Company's website.

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 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 at: **fca.org.uk/firms/financial-services-register**

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, and intends to continue to do so for the foreseeable future, so that its Ordinary shares 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").

The Company's shares are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are shares in an investment trust.

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

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

Registered in Scotland under company number SC012725

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

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

Freephone: **0808 500 0040**
(open Monday to Friday, 9.00 a.m. to 5.00 p.m., excluding public holidays in England and Wales)

Email: **inv.trusts@abrdn.com**

Website
murray-income.co.uk

Email
murray.income@abrdn.com

Registrar
The Share Portal, operated by Link Group, is a secure online website where shareholdings can be managed quickly and easily, including changing address or arranging to pay dividends directly into a bank account, or to receive electronic communications. To register, shareholders will need their Investor Code which may be found on their share certificate or by contacting the Registrar at: **signalshares.com**

Alternatively, please contact the Registrar –

By email, via the above website

By phone –

Tel: **0371 664 0300**
(UK calls cost 10p per minute plus network extras)

From overseas: **+44 208 639 3399**
(open Monday to Friday, from 9.00am to 5.30pm, excluding public holidays)

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

Depositary
BNP Paribas Securities Services, London Branch

Stockbroker
Investec Bank Limited

Auditor
PricewaterhouseCoopers LLP

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

Legal Entity Identifier ("LEI")
549300IRNFGVQIQHUI13

For more information visit **abrdn.com/investment**

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