Dunedin Income Growth Investment Trust PLC

An investment trust offering income and capital growth mainly from UK equities, founded in 1873

Annual Report and Accounts
31 January 2017

Aberdeen

View of Aberdeen Asset Management PLC's office from Bow Churchyard, London

Contents

Visit our Website

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

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Financial Highlights

Dunedin Income Growth Investment Trust PLC (the "Company" or "DIGIT") is an investment trust with its Ordinary shares listed on the premium segment of the London Stock Exchange. The Company aims to attract long term private and institutional investors who seek growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom.

The Company is governed by a board of directors, all of whom are independent, and has no employees. Like most other investment companies, the Company outsources its investment management and administration to an investment management group, the Aberdeen Group, and other third party providers. The Company does not have a fixed life.

Net asset value total return[A]

+19.2%

2016 **–11.5%**

[A]With debt at market value, dividends reinvested (see page 75)

Share price total return[B]

+16.5%

2016 **–13.5%**

[B] Dividends reinvested (see page 75)

Discount to net asset value[C]

7.4%

2016 **4.6%**

[C] With debt at market value. See definition on page 74.

Earnings per share (revenue)

12.55p

2016 **12.11p**

Ongoing charges[D]

0.63%

2016 **0.62%**

[D] See definition on page 75.

Dividends per Ordinary share

11.70p **+2.6%**

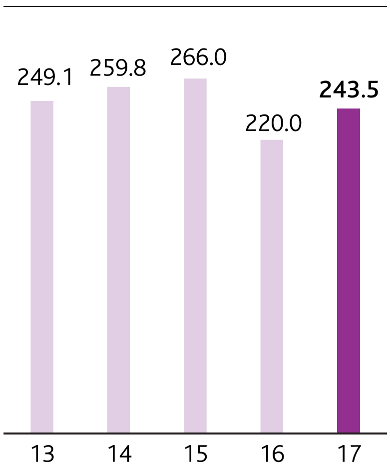
2016 **11.40p**

Net Asset Value with debt at market value

At 31 January – pence

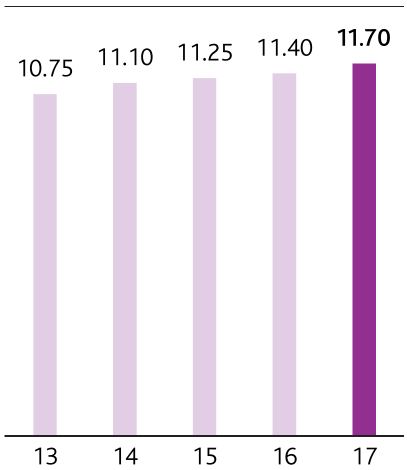
Share price

At 31 January - pence



Dividends per share

pence



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.

Investment Policy

In pursuit of its objective, the Company's investment policy is to invest in high quality companies with strong income potential and providing an above-average portfolio yield.

Risk Diversification

The Company maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. The Company is invested mainly in companies listed or quoted in the United Kingdom and can invest up to 20% of its gross assets overseas.

It is the policy of the Company to invest no more than 15% of its gross assets in other listed investment companies and no more than15% of its gross assets in any one company.

Gearing

The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. The Board has set its gearing limit at a maximum of 30% of the net asset value at the time of draw down. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent considered appropriate.

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.

Management

The investment management of the Company has been delegated by Aberdeen Fund Managers Limited ("AFML", the "AIFM" or the "Manager") to Aberdeen Asset Managers Limited ("AAML" or the "Investment Manager"). Both companies are wholly owned subsidiaries of Aberdeen Asset Management PLC (the "Aberdeen Group").

Financial Calendar

23 May 2017	Annual General Meeting in Edinburgh (12 noon)
26 May 2017	Final dividend payable for year ended 31 January 2017
31 July 2017	Half year end
25 August 2017	Expected payment of first interim dividend
September 2017	Expected announcement of half yearly results for six months ending 31 July 2017
24 November 2017	Expected payment of second interim dividend
31 January 2018	Year end
23 February 2018	Expected payment of third interim dividend
March 2018	Expected announcement of annual results for the year ending 31 January 2018

Chairman's Statement

John Carson
Director

I would like to begin by paying tribute to our late Chairman, Rory Macnamara, who very sadly passed away in December after a period of illness. Rory was a Director of your Company for eleven years, for the latter four years serving as Chairman, during which time he made a major contribution to its development. We will all miss his knowledge and good judgement and those of us who had the fortune to work closely with him are already missing a much valued friend.

Summary

I am pleased to be reporting a better set of results for the Company in the year ended 31 January 2017 with shareholders having enjoyed a share price total return of 16.5%. Although the net asset value total return of 19.2% lagged the FTSE All-Share Index total return of 20.1%, it significantly outperformed many of the Company's sector peers. In addition, the Company generated a record level of earnings per share allowing us to propose an increase in the dividend and add to revenue reserves.

Earnings and Dividend

The revenue return per share for the year was 12.55p, compared with 12.11p for the previous year. Three interim dividends of 2.575p per share have already been paid and the Board is proposing a final dividend of 3.975p per share, payable on 26 May 2017 to shareholders on the register on 5 May 2017. This will make a total dividend of 11.7p per share for the year, an increase of 2.6% on last year. This will be the 33rd year out of the past 37 that the Company has grown its dividend, with the distribution maintained in the other four years.

Following payment of the final dividend, revenue reserves of 10.51p per share will be available to support future distributions, representing 90% of the current annual dividend cost.

Background

2016/17 was an eventful year for investors as a series of political and economic events served to generate turbulent market conditions. Despite this, the FTSE All-Share Index recorded its best year since 2009, buoyed by greater optimism for economic prospects and a significant fall in the value of Sterling.

The early part of the period saw equity markets weaken on concerns over the health of the Chinese economy and the implications for emerging markets of rapidly declining commodity prices. However, as signs of stabilisation in China developed, confidence returned and oil, alongside many metals and basic materials, staged a significant rally with, for example, the oil price recovering from its lows of less than $30 per barrel to around the $50 mark, and the iron ore price more than doubling.

Currencies were also volatile and Sterling declined quite sharply against other major currencies in the lead up to the EU referendum in June. The result of the referendum, which defied the expectations of most commentators and investors, significantly roiled financial markets. The pound dropped to its lowest level against the US Dollar since the early 1980s, while UK 10 year government bond yields hit record lows and the FTSE All-Share Index also demonstrated significant volatility.

UK equities, however, staged a significant recovery over the second half of the financial year, driven principally by three factors. Firstly, a global economy that continued to improve ahead of expectations, driven by China and the US. Secondly, the translational benefits of weaker Sterling and, thirdly, a UK economy that proved to be much more resilient than had been feared in the wake of the referendum, with unemployment declining to its lowest rate since 2005. As a result of the positive data, the Monetary Policy Committee recently revised their forecast for domestic GDP upwards to 2% marking a very different tone from that struck immediately after the vote.

The election of Donald Trump as US President in November provided a further shock to markets, but one which was quickly shrugged off as investors looked through the tone and content of many of his social policies and instead focused on the potential benefits of lower taxes and higher infrastructure spending and the more market-friendly policies likely to emerge from a Republican-dominated Washington. However, with little detail available, it remains uncertain to what extent these positives will be counterbalanced by potential negative impacts from trade protectionism.

Expectations of fiscal easing in the United States combined with strong infrastructure and real estate investment in China further fuelled the recovery in the share prices of mining companies with the sector posting triple digit returns for the year, whilst the prospects for oil companies improved, following an agreement amongst major producers to cut supply. Resultant rising bond yields and inflation expectations led to a sharp rotation out of more defensive companies into banks and more cyclical sectors.

Performance

As I have noted above, the Company's net asset value total return of 19.2% slightly lagged the total return of 20.1% from the FTSE All-Share Index. The under-performance was largely due to our not owning a number of companies, including several very strongly-performing mining companies which staged spectacular recoveries from the troubles that afflicted them in 2016.

On the positive side, the Company's significant exposure to more international businesses, including companies listed overseas, proved beneficial as Sterling's weakness helped to boost the value of income earned out-with the UK. In addition, many of the holdings that troubled us in 2015/16 turned out to be helpful contributors to performance this year, especially those exposed to commodities and emerging markets. These positions helped us to significantly outperform many of our competitor investment trusts within the UK Equity Income sector.

Revenue Account

The management of equity income funds involves tensions between the level of income earned and distributed to shareholders and opportunities to invest in order to optimise overall returns. Your Board regularly consults with shareholders as to their priorities, recognises the importance attached to the level of dividend and seeks to continue to grow it in real terms. We are proud of the Company's record of long term dividend growth and it remains our firm intention to maintain this.

In recent years, however, we have increasingly felt that the focus on owning higher yielding businesses in order to generate income and to support a high level of dividend has been constraining the Investment Manager's ability to generate competitive total returns. We have therefore been looking with the Manager at opportunities which would allow greater flexibility to invest in faster growing companies without compromising our ability to meet our dividend objectives.

As you will note from this Report and Accounts, the process of reducing our dependence on high yielding, low growth companies has already started. The income benefit that has arisen from the recent weakness of Sterling has allowed us to accelerate the re-investment of capital from high-yielding, low-growth holdings into companies with lower dividend yields, which the Manager believes have stronger prospects for long term growth.

The process of steadily switching out of higher yielding companies will be continued as the Manager deems appropriate. In recent years, we have built up our revenue reserve and it is our intention to make modest use of the flexibility this provides to pay uncovered dividends where we believe it to be in the long term interests of our shareholders.

Gearing

Your Board believes that the sensible use of modest financial gearing, whilst amplifying market movements in the short term, will enhance returns of both capital and income to shareholders over the long term. We also recognise the benefit that having a reasonable proportion of long-term fixed rate funding provides to managing the Revenue Account, through greater certainty over financing costs.

The Company currently employs three sources of gearing. The £28.6 million debenture maturing in April 2019 with a coupon of 7.875%, the recently issued £30.0 million loan notes maturing in 2045 with a coupon of 3.99%, and a multi-currency revolving credit facility with Scotiabank that expires in 2018 of which a Sterling equivalent of £11.3 million was drawn down at the year end.

The proceeds of the loan note issuance remain invested in a portfolio of investment grade bonds which broadly matches the duration of the 2019 debenture and the income from which largely offsets the interest cost of the new issue. Our equity gearing is therefore very much lower than the headline gearing figure would suggest.

With debt valued at par, the Company's potential gearing decreased from 18.6% to 14.6% during the year, due to the increase in the value of investments and a higher than usual cash balance being held at the year end. On a pure equity basis, after netting off our cash and bonds, gearing fell from 10.7% to 6.1%.

Your Board believes this remains a relatively conservative level of equity gearing and provides the Company with financial flexibility should opportunities to deploy additional capital arise.

Discount

The discount at which the price of the Company's shares trade relative to the net asset value widened from 4.6% at the beginning of the year to 7.4% as at 31 January 2017 (on an ex-income basis with borrowings stated at fair value).

Over the course of the year the Company traded at a wider discount than it has done for much of the recent past, in line with a general widening of discounts within the investment trust sector. During the year the Company purchased 493,500 shares to hold in treasury, at a cost of £1.1 million, providing a small accretion to the net asset value.

We have continued to buy back shares since the year end. We will again seek shareholders' permission to buy back shares at the forthcoming Annual General Meeting and are prepared to continue to use this measure in the light of both the Company's absolute level of discount and that relative to those of our peer group.

Board Composition

As the Company's Senior Independent Director, I stood in as Acting Chairman when Rory passed away in December and have continued in this role since then.

I am delighted to report that, following a review, the Board has decided to appoint David Barron as Chairman with effect from the Annual General Meeting. We also decided that Jasper Judd would replace me as Chairman of the Audit Committee, a change that took effect prior to the end of the financial year. David and Jasper both joined the Board on 1 February 2016 and have made significant contributions during the first year of their tenures.

Following David's appointment as Chairman, it is envisaged that I will remain on the Board as the Senior Independent Director for one more year and, together with Catherine Claydon, will be standing for re-election at the Annual General Meeting.

Change of Auditor

As described in the Audit Committee's Report on page 44, the Company undertook an audit tender process during the year and, following consideration of the tenders received, the Board decided to appoint Deloitte LLP as the Company's auditor for the year ending 31 January 2018. KPMG LLP will therefore not be seeking re-appointment at the Annual General Meeting and has issued a statutory statement pursuant to Section 519 of the Companies Act 2006 which is included separately with the Annual Report in accordance with Section 520 of the Act. A resolution to appoint Deloitte LLP as the Company's auditor will be proposed at the Annual General Meeting.

On behalf of the Board, I would like to thank KPMG for their service to the Company over a large number of years and for the high degree of professionalism they have always shown.

Aberdeen Asset Management

The Board has noted the recent announcement of a proposed recommended merger between the parent company of the Company's Manager, Aberdeen Asset Management PLC, and Standard Life PLC. The transaction is subject to shareholder and regulatory approvals, but both companies have committed to set up a dedicated integration team which should ensure that the existing management team remains focused on looking after the interests of the Company and, you, its shareholders. The Board will monitor developments closely to ensure that this remains the case and that excellent client service is maintained.

Annual General Meeting

The Annual General Meeting will be held at the offices of Aberdeen Asset Management PLC, 40 Princes Street, Edinburgh EH2 2BY on Tuesday 23 May 2017 at 12 noon. This is a good opportunity for shareholders to meet the Board and Manager and I would be delighted if you are able to attend.

Outlook

The Company's dividend is well supported at current levels by earnings, its strong balance sheet and significant revenue reserves. While the Investment Manager's continued focus on recycling capital out of lower growth, higher yielding companies may restrict growth in earnings per share this year, the dividend growth prospects of the constituent companies within the portfolio look favourable and this, together with our ability to make use of revenue reserves, should help support the Board's intention to increase the dividend in real terms over the medium term.

With the FTSE All-Share Index trading close to its all-time high and aggregate valuations markedly above long term averages, your Manager remains cautious on the outlook for capital growth. Alongside this, the UK economy faces a period of uncertainty as the decision to leave the European Union is implemented and forthcoming elections in continental Europe are being viewed with concern by many investors. However, the holdings in the Company's portfolio are in good financial shape and many of them possess both potential capital upside and the ability to sustain and grow their dividends at attractive rates, all of which should support the delivery of sound total return performance over the longer term.

John Carson
Director
30 March 2017

Strategic Report

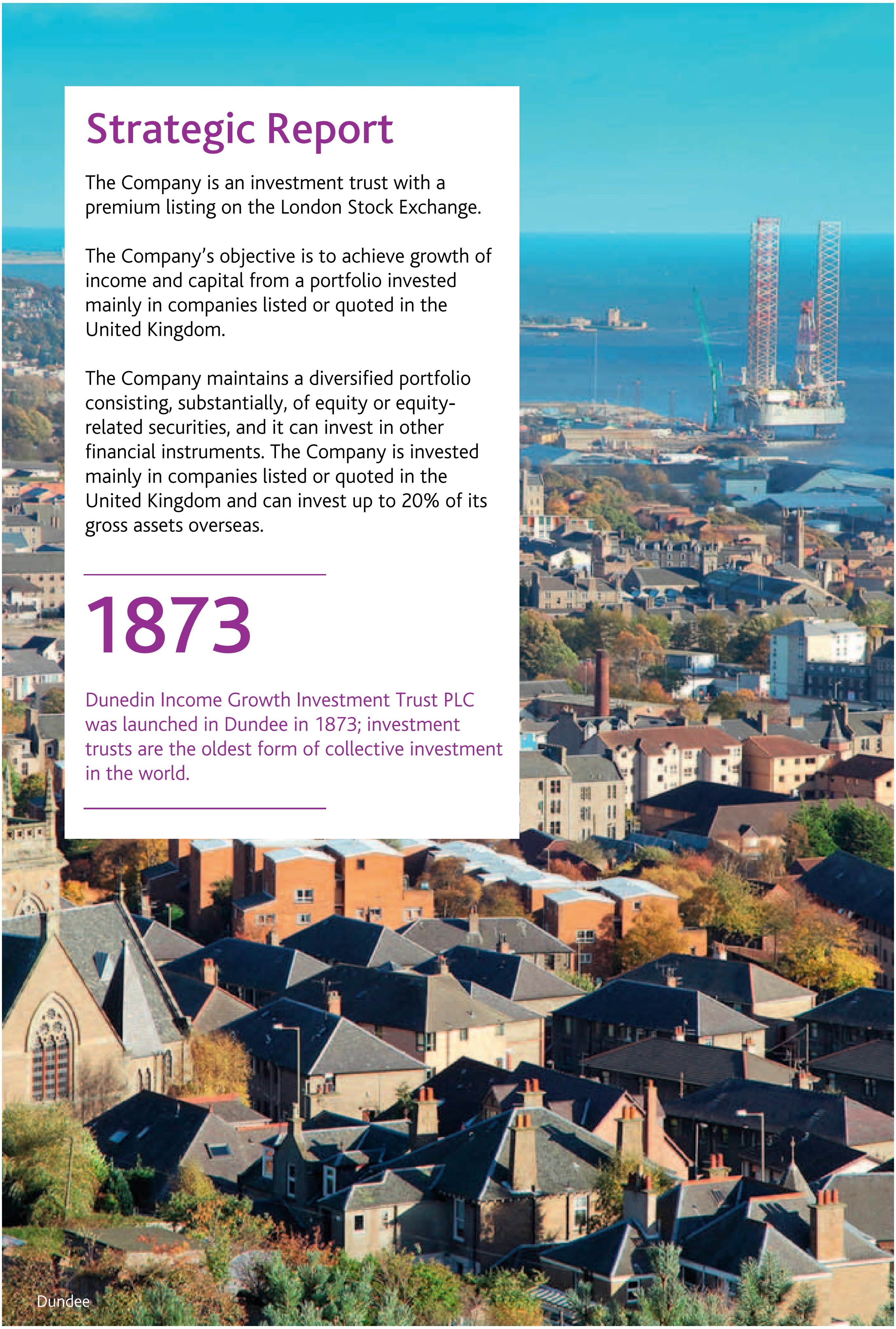
The Company is an investment trust with a premium listing on the London Stock Exchange.

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.

The Company maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. The Company is invested mainly in companies listed or quoted in the United Kingdom and can invest up to 20% of its gross assets overseas.

1873

Dunedin Income Growth Investment Trust PLC was launched in Dundee in 1873; investment trusts are the oldest form of collective investment in the world.



Dundee

Overview of Strategy

Business Model

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Investment Objective

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Investment Policy

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Risk Diversification

The Company maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. The Company is invested mainly in companies listed or quoted in the United Kingdom and can invest up to 20% of its gross assets overseas.

It is the policy of the Company to invest no more than 15% of its gross assets in other listed investment companies and no more than 15% of its gross assets in any one company.

Gearing

The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. The Board has set its gearing limit at a maximum of 30% of the net asset value at the time of draw down. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent considered appropriate.

Delivering the Investment Objective

The Directors are responsible for determining the Company's investment objective and investment policy. Day-to-day management of the Company's assets has been delegated, via the AIFM, to the Investment Manager.

Investment Process

The Investment Manager believes that, over the long-term, share prices reflect the underlying business fundamentals of companies and hence investments are made based on research undertaken on individual companies. This is known as a "bottom up" investment process. This process involves a disciplined evaluation of potential investments which includes meeting investee companies. New investments are not made without the Investment Manager having first met the management of the investee company, undertaken further analysis and written detailed notes to outline the underlying investment merits. A company's value is estimated in two stages, quality then price. Quality is defined by reference to management, business focus, balance sheet and corporate governance. Price is assessed relative to key financial ratios and business prospects.

The Investment Manager's portfolios are generally run conservatively, with an emphasis on buy-and-hold and top-slicing/topping up. This approach usually results in low turnover within portfolios.

Portfolios are managed by the Investment Manager on a team basis, with individual fund managers carrying out their own research and analysis. All ideas are shared via formal committees and common databases, with desk heads ensuring consistency. Further information on the investment process and risk controls employed by the Investment Manager is contained on page 70.

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.

Key Performance Indicators ("KPIs")

The Board uses a number of other financial performance measures to assess the Company's success in achieving its objective and determining the progress of the Company in pursuing its investment policy. The main KPIs are shown in the table on the following page:

Overview of Strategy continued

KPI	Description
Performance	The Board considers the Company's NAV total return figures to be the best single indicator of performance over time. The figures for each of the past 10 years are set out on page 18.
Performance of NAV against benchmark index and comparable investment trusts	The Board measures the Company's NAV total return performance against the benchmark index – the FTSE All-Share Index. The figures for this year and for the past three and five years, and a graph showing performance against the benchmark index over the past five years are shown on page 16. The Board also monitors performance relative to a peer group of investment trusts which have similar objectives, policies and yield characteristics.
Revenue return per Ordinary share	The Board monitors the Company's net revenue return. The revenue returns per Ordinary share for each of the past 10 years are set out on page 18.
Dividend per Ordinary share	The Board monitors the Company's annual dividends per Ordinary share. The dividends per share for each of the past 10 years are set out on page 18.
Share price performance	The Board monitors the performance of the Company's share price on a total return basis. The returns for this year and for the past three and five years, and a graph showing the share price total return performance against the benchmark index over the past five years are included on page 16.
Discount/premium to NAV	The discount/premium of the share price relative to the NAV per share is closely monitored by the Board. The discounts at the year end and at the end of the previous year are disclosed on page 15.
Ongoing charges	The Board monitors the Company's operating costs carefully. Ongoing charges for the year and the previous year are disclosed on page 15.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of a risk matrix, and the principal risks and uncertainties facing the Company at the current time, together with a description of the mitigating actions the Board has taken, are set out in the table below.The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance, solvency or liquidity. The principal risks associated with an investment in the Company's shares are published monthly in the Company's factsheet and they can be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are available on the Company's website.

Risk	Mitigating Action
Investment objectives – a lack of demand for the Company's shares due to its objectives becoming unattractive to investors could result in a widening of the discount of the share price to its underlying net asset value and a fall in the value of its shares.	**Board review.** The Board formally reviews the Company's objectives and strategies for achieving them on an annual basis. **Shareholder communication.** The Board is cognisant of the importance of regular communication with shareholders. Directors attend the Manager's annual meetings with the Company's largest shareholders and meet shareholders at the Annual General Meeting. The Board reviews shareholder correspondence and investor relations reports and also receives feedback from the Company's broker.

	Discount monitoring. The Board, through the Manager, keeps the level of discount under constant review. The Board is responsible for the Company's share buy back policy and, if considered appropriate, would authorise the use of share buy backs to provide liquidity to the market at times when the discount has widened.
Investment strategies – the Company adopts inappropriate investment strategies in pursuit of its objectives which could result in investors avoiding the Company's shares, leading to a widening of the discount and poor investment performance.	Adherence to investment guidelines. The Board sets investment guidelines and restrictions which the Manager follows, covering matters such as asset allocation, diversification, gearing, currency exposure, use of derivatives etc. These guidelines are reviewed regularly and the Manager reports on compliance with them at Board meetings. In order to ensure adequate diversification, the Board has set absolute limits on maximum holdings and exposures in the portfolio at the time of investment, which are in addition to the limits contained in the Company's investment policy, including the following: - No more than 10% of gross assets to be invested in any single stock; and - The top five holdings should not account for more than 40% of gross assets. Regular shareholder communication and discount monitoring, as above.
Investment Manager – the appointment or continuing appointment of a manager with inadequate resources, skills or expertise could result in poor investment performance.	Monitoring of the Manager. The Board meets the Manager on a regular basis and keeps under close review (inter alia) its resources, adherence to investment processes, the adequacy of risk controls, and investment performance. A detailed formal appraisal of the Manager is carried out annually by the Management Engagement Committee.
Income/dividends - the level of income falls and/or levels of expenditure/taxation rise, resulting in cuts to or suspension of dividends to shareholders.	Revenue forecasting and monitoring. The Manager presents detailed forecasts of income and expenditure covering both the current and subsequent financial years at Board meetings. Dividend income received is compared to forecasts and variances analysed. Use of reserves. The Company has built up significant revenue reserves which are available to smooth dividend distributions to shareholders should there be a shortfall in revenue returns.
Gearing – gearing has the effect of accentuating market gains and market falls and an inappropriate level of gearing at a time of falling markets could result in a significant fall in the value of the Company's shares. Lenders set various conditions on the continuing availability of funding. A fall in the value of the Company's investment portfolio could result in a breach of such covenants and trigger demands for early repayment. This could result in further losses.	Gearing restrictions. The Board sets gearing limits within which the Manager can operate. Monitoring. Both the limits and actual levels of gearing are monitored on an ongoing basis by the Manager and at regular Board meetings. In the event of a possible impending covenant breach, appropriate action would be taken to reduce borrowing levels. Scrutiny of loan agreements. The Board takes advice from the Manager and the Company's lawyers before approving details of loan agreements. Care is taken to ensure that covenants are appropriate and unlikely to be breached. Limits on derivative exposure. The Board has set limits on derivative exposures and positions are monitored at regular Board meetings.

Overview of Strategy continued

Regulatory – changes to, or failure to comply with, relevant regulations (including the Companies Act, The Financial Services and Markets Act, The Alternative Investment Fund Managers Directive, accounting standards, Investment Trust regulations, the Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) could result in fines, loss of reputation, reduced demand for the Company's shares and potentially loss of an advantageous tax regime.	**Management expertise.** Directors have an awareness of the more important regulations and are provided with information on changes by The Association of Investment Companies. In terms of day to day compliance with regulations, the Board is reliant on the knowledge and expertise of the Manager. The Manager's Company Secretariat and accounting teams use checklists to aid compliance and these are backed by a compliance monitoring programme and risk based internal audit investigations.
Operational – the Company is reliant on services provided by third parties (in particular those of the Manager and the Depositary) and any control gaps and failures in their operations could expose the Company to loss or damage.	**Agreements.** Written agreements are in place defining the roles and responsibilities of all third party service providers. **Internal control systems of the Manager.** The Board receives reports on the operation and efficacy of the Manager's IT and control systems, including those relating to cyber crime, and its internal audit and compliance functions. **Safekeeping of assets.** The Depositary is ultimately responsible for the safekeeping of the Company's assets and its records are reconciled to those of the Manager on a regular basis. Through a delegation by the Depositary, the Company's investments and cash balances are held in segregated accounts by the Custodian. **Monitoring of other third party service providers.** The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary and Custodian. This includes controls relating to cyber crime and is conducted through service level agreements, regular meetings and key performance indicators.

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by the Aberdeen Group on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Aberdeen Group. The Aberdeen Group Head of Brand reports to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key and therefore the Company also supports the Aberdeen Group's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

Board Diversity

The Board has not set any measurable objectives in relation to its diversity but recognises the benefits, and is supportive, of diversity and the importance of having a range of skilled, experienced individuals with relevant knowledge in order to allow it to fulfill its obligations. In making new appointments, the Board's overriding priority is to appoint the most appropriate candidates, regardless of gender or other forms of diversity.

At 31 January 2017, there were three male and two female Directors on the Board.

Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated the day to day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is set out below.

Socially Responsible Investment Policy

The Directors, through the Manager, encourage companies in which investments are made to adhere to best practice in the area of corporate governance and socially responsible investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas.

The Manager's ultimate objective, however, is to deliver superior investment returns for its clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in these areas, this must not be to the detriment of the return on the investment portfolio.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on its website.

Modern Slavery Act

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

Global Greenhouse Gas Emissions

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

Viability Statement

The Board considers that the Company, which does not have a fixed life, is a long term investment vehicle and, for the purposes of this statement, has decided that five years is an appropriate period over which to consider its viability. The Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

In assessing the viability of the Company over the review period, the Directors have focused upon the following factors:

- The principal risks and uncertainties detailed on pages 10 to 12 and the steps taken to mitigate these risks.
- The relevance of the Company's investment objective, especially in the current low yield environment.

Overview of Strategy continued

- The Company is invested in readily-realisable listed securities.
- Share buy backs carried out in the past have not resulted in significant reductions to the capital of the Company.
- Although the Company's stated investment policy contains a gearing limit of 30% of the net asset value at the time of draw down, the Board's policy is to have a relatively modest level of equity gearing and the financial covenants attached to the Company's borrowings provide for significant headroom.
- The repayment of the Company's £28.6 million 7 $^{7/8}$% Debenture Stock on 30 April 2019 has been pre-financed through the issue of £30 million 3.99% Loan Notes which are repayable in December 2045, the proceeds of which are invested in a portfolio of fixed interest securities which broadly match the duration of the Debenture.

In making its assessment, the Board is also aware that there are other matters that could have an impact on the Company's prospects or viability in the future, including a large economic shock or significant stock market volatility, and changes in regulation or investor sentiment.

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

Outlook

The Board's view on the general outlook for the Company can be found in the Chairman's Statement on pages 6 and 7 whilst the Investment Manager's views on the outlook for the portfolio are included on page 21.

On behalf of the Board
John Carson
Director
30 March 2017

Results

Financial Highlights

	31 January 2017	31 January 2016	% change
Total assets (see page 75 for definition)	£485,339,000	£436,965,000	+11.1
Equity shareholders' funds[A]	£406,902,000	£358,602,000	+13.5
Equity shareholders' funds with debt valued at par	£415,810,000	£368,041,000	+13.0
Market capitalisation	£366,498,000	£332,214,000	+10.3
Share price (mid)	243.50p	220.00p	+10.7
Net asset value per share[A]	270.34p	237.48p	+13.8
FTSE All-Share Index	3,858.26	3,335.90	+15.7
Discount[B] (difference between share price and net asset value)			
Discount where borrowings are deducted at market value	(7.4%)	(4.6%)	
Gearing (see page 74 for definitions)			
Net gearing[C]	14.64%	18.57%	
Equity gearing[D]	6.11%	10.65%	
Dividends and earnings			
Total return per share	43.83p	(28.94p)	
Revenue return per share	12.55p	12.11p	+3.6
Total dividend per share for the year	11.70p	11.40p	+2.6
Dividend cover	1.07	1.06	
Revenue reserves			
Prior to payment of third interim dividend declared and proposed final dividend	17.06p	15.87p	
After payment of third interim dividend declared and proposed final dividend	10.51p	9.63p	
Operating costs			
Ongoing charges[E]	0.63%	0.62%	

[A] Calculated by valuing the Company's debt at its market value (see page 75 for additional information).

[B] These discounts are based on capital only NAVs, calculated in accordance with AIC guidelines.

[C] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR".

[D] Calculated by dividing the total value of equity securities held by shareholders' funds, expressed as a percentage.

[E] 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 divided by the average cum-income net asset value throughout the year.

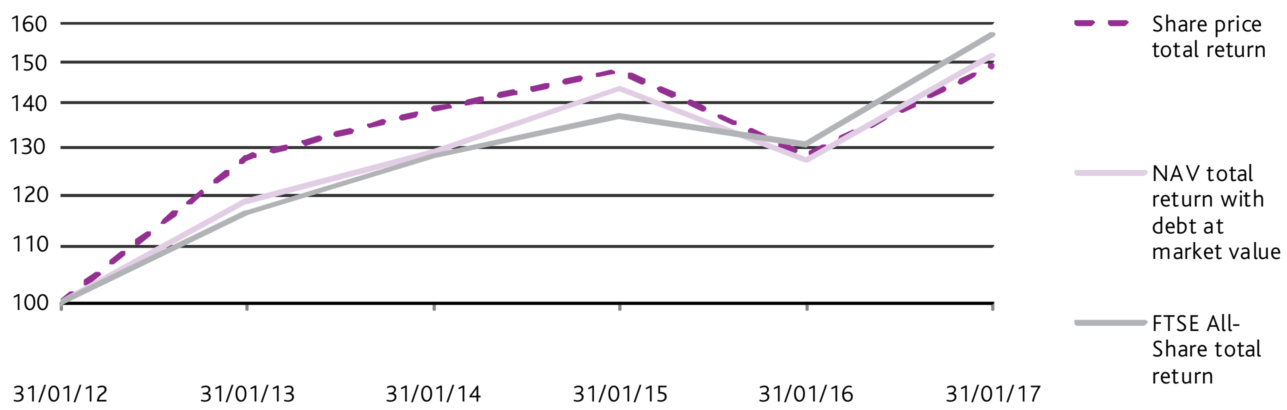
Performance

Performance (total return)

	1 year % return	3 year % return	5 year % return
Capital return			
Net asset value	+13.8%	+3.0%	+21.3%
FTSE All-Share Index	+15.7%	+10.3%	+31.6%
Share price	+10.7%	– 6.3%	+18.2%
Total return (Capital return plus net dividends reinvested)			
Net asset value	+19.2%	+17.2%	+51.4%
FTSE All-Share Index	+20.1%	+22.6%	+57.0%
Share price	+16.5%	+7.6%	+49.0%

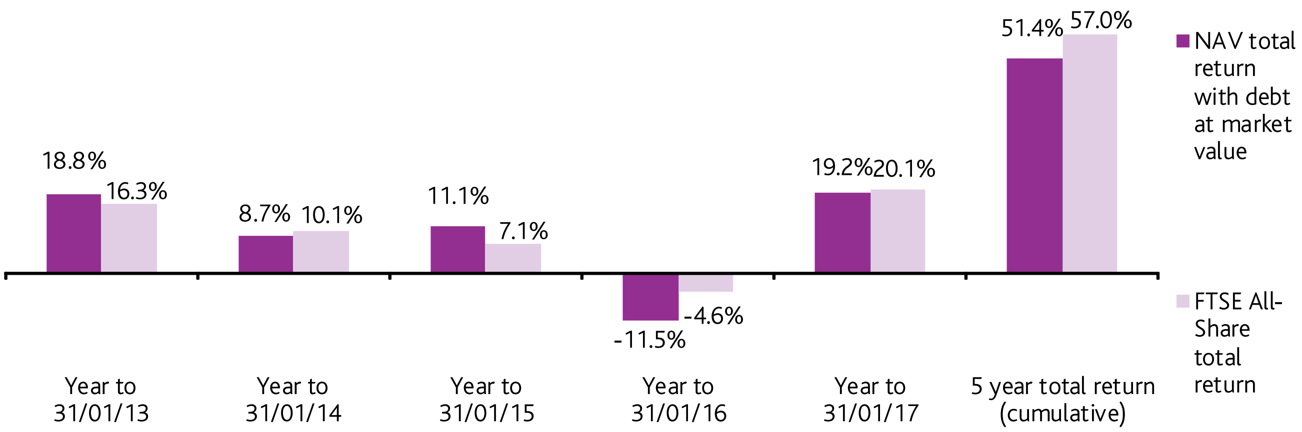
Source: Aberdeen, Factset & Morningstar

Comparison of NAV and Share Price Total Return Performance of DIGIT to FTSE All-Share Index (figures rebased to 100) on a Semi-logarithmic Scale - Five years ended 31 January 2017



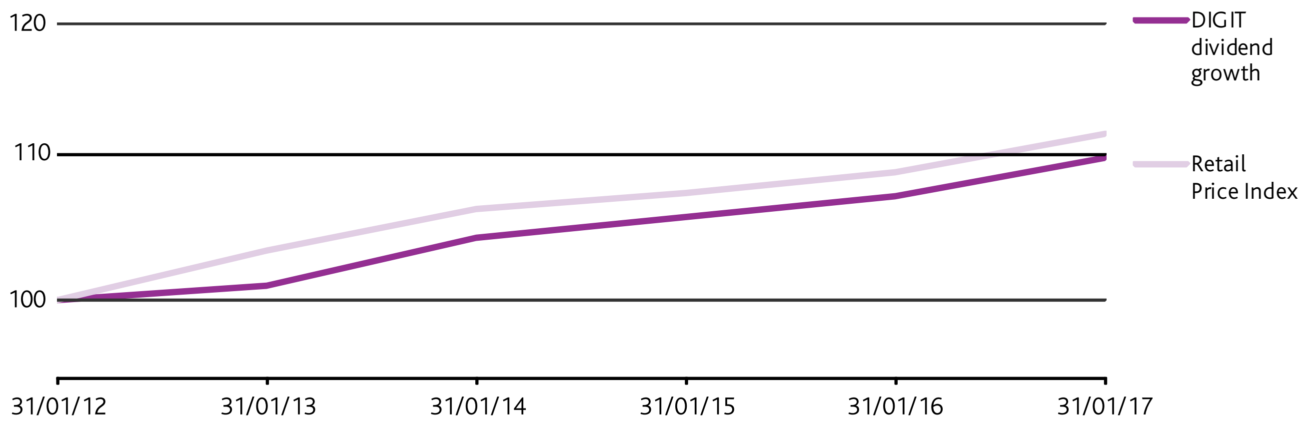
Source: Aberdeen Asset Management, Morningstar and Lipper

Comparison of NAV Total Return Performance of DIGIT to FTSE All-Share Index Total Return for 5 years



Source: Aberdeen Asset Management, Morningstar and Lipper

Comparison of Dividend Growth of DIGIT to RPI (figures rebased to 100) on a Semi-logarithmic Scale - Five years ended 31 January 2017



Source: Aberdeen Asset Management & Facstet

Performance continued

Ten Year Financial Record

Year ended 31 January	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total revenue (£'000)	18,717	19,998	14,251	16,904	19,173	18,866	20,750	20,994	20,359	21,963
Per share (p)										
Revenue return	10.58	11.72	7.99	10.15	11.00	10.77	11.89	11.90	12.11	12.55
Dividends paid/proposed	10.00	10.25	10.25	10.25	10.65	10.75	11.10	11.25	11.40	11.70
Revenue reserve[A]	7.85	9.41	7.16	7.06	7.42	7.45	8.22	8.89	9.63	10.51
Net asset value[B]	251.35	156.89	198.8	226.81	222.88	251.48	262.34	279.66	237.48	270.34
Total return	(32.16)	(84.12)	51.15	39.00	6.50	41.30	22.24	27.76	(28.94)	43.83
Shareholders' funds (£'000)	386,680	241,944	303,603	346,927	341,280	385,605	403,526	428,702	368,041	415,810

[A] After payment of third interim and final dividends.
[B] With debt at market value.

Dividends per Share - Pence

Year to 31 January

Dividends

Dividend per share	Rate	xd date	Record date	Payment date
Proposed final dividend 2017	3.975p	4 May 2017	5 May 2017	26 May 2017
Third interim dividend 2017	2.575p	2 February 2017	3 February 2017	24 February 2017
Second interim dividend 2017	2.575p	3 November 2016	4 November 2016	25 November 2016
First interim dividend 2017	2.575p	4 August 2016	5 August 2016	26 August 2016
Total dividend 2017	**11.70p**			

Dividend per share	Rate	xd date	Record date	Payment date
Proposed final dividend 2016	3.675p	5 May 2016	6 May 2016	27 May 2016
Third interim dividend 2016	2.575p	4 February 2016	5 February 2016	26 February 2016
Second interim dividend 2016	2.575p	5 November 2015	6 November 2015	27 November 2015
First interim dividend 2016	2.575p	6 August 2015	7 August 2015	28 August 2015
Total dividend 2016	**11.40p**			

Investment Manager's Review

Introduction

The year ended 31 January 2017 will undoubtedly be remembered as a year of political shocks and associated market turmoil. It was pleasing that during the most pronounced of these, following the UK referendum on leaving the EU, the portfolio proved resilient and, despite all the volatility, investors have seen double digit returns and the best annual stock market performance since 2013.

Having been involved in the management of the portfolio for some years I am excited to have the opportunity to take on the lead position as explained in the Half Yearly Report, and I am pleased that Louise Kernohan will be assisting me in that task alongside the substantial combined resources that we can draw on from Aberdeen's equity teams. There is a significant opportunity to build a portfolio that can not only deliver the current level of dividend but also grow it in real terms and deliver attractive total returns.

Performance

In assessing income performance it was a year of progress, with revenues up 7.9% aided by a full year of contribution from the bond portfolio. Income from equities was up 2.3% helped by special dividends from **Croda** and **Prudential**. Operating costs were down year on year, while finance costs increased, reflecting the £30 million loan notes issued in December 2015. In terms of taxation we received some benefit from rebated withholding tax but not as much as in the previous year. Overall revenue earnings per share increased by 3.6%. The impact of foreign exchange was beneficial but muted due to over 60% of our dividend income and, in particular, 85% of our overseas listed income being earned in the first half of the year before the significant depreciation in Sterling. At current exchange rates this should provide a useful support to earnings in 2017/18.

From a relative return perspective this was a year of turbulent equity market conditions. We experienced strong outperformance over the first half of the year as we benefitted from the impact of the EU referendum and the recovery of a number of companies that had proved challenging in the previous twelve months. In the second half of the year, continued strength in some of the mining companies that we did not own and banks to which we were underweight, alongside some difficult trading at **Berendsen** and **Capita**, proved detrimental, leading the portfolio to underperform the FTSE All-Share Index for the year.

Over the year as a whole the weakness of Sterling boosted the value of a number of our overseas holdings such as **Total** and **Zurich Insurance Group**. This currency effect also drove up the share prices of UK listed companies with substantial overseas exposure, of which we have a significant number, such as **Unilever** and **Compass Group**. In the second half this was somewhat offset by the prospect of rising interest rates which negatively impacted investors' perception of more "bond like" investments like regulated utilities and real estate companies such as **National Grid** and **Unibail-Rodamco**.

While our exposure to the Mining and Oil & Gas sectors proved a headwind to relative performance, it was pleasing that commodity and emerging market related holdings such as **Weir Group**, **John Wood Group**, **Rotork**, **Standard Chartered** and **BHP Billiton**, all of which had suffered in the previous couple of years, staged substantial recoveries in absolute value. While we underperformed the wider market we did do substantially better than many of our peer group trusts largely because we retained these kinds of exposure in contrast to many others. We also remained committed to owning some higher yielding companies such as **HSBC**, **Royal Dutch Shell** and **BP**. Given our focus on income and the lowly valuations and high yields that these companies were trading on twelve months ago, they seemed a natural home for a portion of our capital and, in general, performed strongly. While it is not currently fashionable, we do believe that income funds need to provide income and that offering an overall yield above that of the wider market is an important part of our proposition.

Portfolio Activity

For us this was a busy year in terms of name changes within the portfolio. Since my appointment in September to lead manager we have looked to accelerate the focus on diversity and growth of both capital and income. To this end we have been exiting some of our higher yielding investments with lower growth prospects to reinvest into a number of more interesting opportunities from a capital and income growth perspective.

The majority of our new additions were at the small and mid-cap end of the market, in companies that have strong positions in their respective industries but which have good scope to grow from a lower base. They also have potential to deliver either sustainable higher yields or faster dividend growth. In addition, these companies lend themselves well to our investment process, where we do not rely on external research but rather invest the time ourselves to uncover and research companies that are often overlooked by others.

As an example, we initiated a position in **BBA Aviation** which owns a network of terminals servicing private jets in North America. They took the opportunity to buy out their largest competitor in a deal that significantly enhances their strategic position, but which was initially not received so well by the market and presented an interesting opportunity for us to build a position in the company, which has subsequently performed well.

Another new introduction was **Assura**, a real estate investment trust that owns and develops primary care facilities. Here we see solid potential for rental growth alongside further acquisitions and the expansion of their development capabilities as the requirement for new fit-for-purpose health facilities grows. Additionally, we added **RPC**, a plastic packaging manufacturer that is successfully consolidating many of the markets it operates in; **Chesnara**, a consolidator of closed books of life assurance policies; and **Manx Telecom**, which provides telecommunication services predominantly on the Isle of Man with opportunities to expand elsewhere.

From the large-cap sphere we introduced **Diageo**, where through their leading stable of beverage brands they can command strong pricing power and, as a result, generate attractive margins and returns. Their CEO, Ivan Menezes, has been focusing on internal improvements in marketing and operational efficiency which is starting to bear fruit, with organic growth and improvement in the US being notable features in their results of late.

Our focus has not been limited to companies listed in the UK and we initiated positions in a number of overseas holdings; these were **Temenos**, **Brunello Cucinelli**, **Amadeus** and **Novo-Nordisk**. All have the capacity to grow dividends at high rates over coming years.

Temenos is a Swiss listed vendor of software for the banking industry. The pressure on banks to improve inefficient legacy IT systems is increasing due to regulation and the arrival of young, technology focused competition, and the company has the best-in-class products to capture increasing share of this large and fast growing market.

Brunello Cucinelli is an Italian ultra-luxury apparel company. We like the lack of branded product, low levels of fashion risk, pricing power and loyal customer cohort. The emphasis on long term stewardship is another high quality characteristic, particularly given that the company is still in a relatively early stage of its life cycle with plenty of scope for revenues, margins, cash flow and dividends to grow over the long term.

Amadeus is a Spanish listed IT company providing ticketing and pricing solutions to travel agencies and airlines, as well as mission critical technology solutions. We see scope for continued organic growth, coupled with choice M&A activity that is supported by strong cash flow characteristics and a sound balance sheet.

Novo-Nordisk is a Danish listed pharmaceutical company that specialises in diabetes treatments. It has had a tough year due to industry pressures, however the long term drivers remain intact and the recent share price weakness has made the valuation more attractive than it has been for a number of years.

As well as initiating new holdings, we also took advantage of some of the considerable market movements during the year to opportunistically add to our positions. For example we topped up our holding of **Schroders** which, being dependent on the financial markets, saw its share price fall following the EU referendum result, and **Berendsen**, following its share price weakness on the back of internal issues that we believe are temporary.

To fund these investments we exited **Associated British Foods** on valuation grounds, which proved to be a fortunate sale as the share price suffered later in the period on lowered expectations for its retailer Primark. In addition, we exited **Cobham**, which also proved to be a wise move as the company subsequently saw a sharp deterioration in trading and has just launched its second rights issue in a little under twelve months having opted to pass their dividend. We had concerns that management had overstretched the balance sheet for an acquisition at a time when trading was challenging, and our concerns have since proved to be founded.

We sold our position in **Tesco**, which was a difficult decision but we felt that we had captured a reasonable degree of recovery and wanted to continue to focus capital towards higher quality companies. We also exited **Centrica**, **GKN**, **Linde** and **Engie**; each which have been longstanding holdings in the portfolio but are relatively cyclical and low returning businesses and we consider that there are more compelling investment opportunities.

Corporate Engagement

One of the most critical elements to investing at Aberdeen is thinking like owners of businesses. While we carry out hundreds of visits every year with executive management teams we also work very hard on addressing the overall governance of our companies and this goes hand in hand with our long term investment approach. Although we retain expert advisers within the firm, the investment team takes responsibility for all issues of governance with our investee companies. For us this is not something to be outsourced to others but an integral part of the responsibility of ownership and important to fulfilling our obligations to our investors. Our full voting records are available on our website. By way of example, this year saw an important intervention in support of Royal Dutch Shell's bid for BG at a time when many others were unsure, and this helped to cement a deal which has created significant value for shareholders in both companies. We also regularly attend the AGMs of our investee companies. seeing this as an excellent opportunity to meet the full board. As many private shareholders will know, the attendance of institutions at such occasions is uncommon.

One important development in 2016 was to directly incorporate our Environmental and Social analysis into the fabric of our day to day investment process and bring our responsible investing analysts into the heart of the team as opposed to sitting in a central unit. This will add a similar focus on these issues to that which we have long applied to governance. This does not mean that Dunedin Income Growth will be becoming an ethical fund. But it does mean that we will be paying much more attention to how our companies do business and identify environmental and social risks to their long term prospects. In our experience, well run companies also tend to manage these risks well and those that act responsibly with regard to their customers, employees, suppliers and shareholders tend to be those that prosper most over the long run.

Outlook

There are reasons for caution. Political and economic uncertainty is likely to remain high both here at home in the UK and across much of the developed world. A sharp appreciation of either Sterling or global interest rates would also likely be negative for our positions. At the same time, the UK equity market is close to record high levels. However, looking forward, your Company faces this environment with low levels of equity gearing, healthy dividend cover, substantial revenue reserves and a positive outlook for underlying earnings growth. Alongside this, we remain committed to a long-term focus on high quality businesses which should help further to underpin the performance of the portfolio. While there are few bargains to be had, we still see a number of interesting investment opportunities open to us. These will help improve the portfolio's income growth and capital return prospects while we continue to deliver a high and growing dividend to our investors.

Ben Ritchie and Louise Kernohan
Aberdeen Asset Managers Limited
30 March 2017

Portfolio

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St Paul's Cathedral, London

Portfolio

Ten Largest Investments

As at 31 January 2017

Company	FTSE All-Share Index Sector	Valuation 2017 £'000	Total assets %	Valuation 2016 £'000
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.	Tobacco	22,146	4.6	20,225
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.	Pharmaceuticals & Biotechnology	21,392	4.4	20,146
Royal Dutch Shell 'B' Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations world-wide.	Oil & Gas Producers	20,664	4.3	14,525
HSBC Holdings HSBC provides a variety of international banking and financial services, including retail and corporate banking, custody, capital markets, insurance and private banking.	Banks	20,149	4.1	16,204
Prudential Prudential is a life insurance and savings company with leading market positions in Asia, the United States and in the UK. They also own the fund management group M&G.	Life Insurance	16,852	3.5	15,043
BHP Billiton BHP Billiton 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.	Mining	16,258	3.3	7,650
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.	Personal Goods	15,879	3.3	21,348
AstraZeneca AstraZeneca researches, develops, produces and markets pharmaceutical products. The company's operations are focused on six therapeutic areas: Cardiovascular, Oncology, Respiratory, Neuroscience, Inflammation and Infection.	Pharmaceuticals & Biotechnology	15,434	3.2	17,815
Total Total is a fully integrated international energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. The company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives and resins.	Oil & Gas Producers	15,224	3.1	11,121
BP BP is one of the world's largest petroleum and petrochemicals groups. Its main activities are: exploration and production of crude oil and natural gas; refining, marketing, supply and transportation of petroleum products.	Oil & Gas Producers	13,859	2.8	10,633
Ten largest equity investments		**177,857**	**36.6**	

Portfolio

Other Investments

As at 31 January 2017

Company	FTSE All-Share Index Sector	Valuation 2017 £'000	Total assets %	Valuation 2016 £'000
Unibail-Rodamco	Real Estate Investment Trusts	13,684	2.8	13,239
Vodafone	Mobile Telecommunications	12,852	2.6	14,807
Roche	Pharmaceuticals & Biotechnology	12,765	2.6	13,576
Close Brothers	Financial Services	11,673	2.4	10,376
Standard Chartered	Banks	11,657	2.4	7,092
Compass	Travel & Leisure	10,943	2.3	10,069
National Grid	Gas, Water & Multiutilities	9,778	2.0	12,934
Provident Financial	Financial Services	9,538	2.0	7,815
John Wood	Oil Equipment Services & Distribution	9,377	1.9	7,195
Sage	Software & Computer Services	8,931	1.8	10,104
Top twenty investments		**289,055**	**59.4**	
Imperial Brands	Tobacco	8,743	1.8	6,626
Berendsen	Support Services	8,733	1.8	10,641
Pearson	Media	8,245	1.7	10,509
Zurich Insurance	Non-life Insurance	7,603	1.6	10,870
Weir	Industrial Engineering	7,432	1.5	3,099
Diageo	Beverages	7,404	1.5	–
Experian	Support Services	7,140	1.5	6,307
Croda	Chemicals	6,821	1.4	6,987
Schroders	Financial Services	6,652	1.4	3,739
Rolls-Royce	Aerospace & Defence	6,348	1.3	5,278
Top thirty investments		**364,176**	**74.9**	
Chesnara	Life Insurance	6,092	1.3	–
Elementis	Chemicals	5,913	1.2	4,752
Inchcape	General Retailers	5,583	1.2	5,583
Assura	Real Estate Investment Trusts	5,412	1.1	–
Rotork	Industrial Engineering	5,340	1.1	3,578
Hansteen Holdings	Real Estate Investment Trusts	5,160	1.1	2,013
Inmarsat	Mobile Telecommunications	4,991	1.0	8,030
Nestlé	Food Producers	4,657	1.0	5,015
RPC	General Industrials	4,434	0.9	–
Ultra Electronics	Aerospace & Defence	3,962	0.8	3,886
Top forty investments		**415,720**	**85.6**	
Essentra	Support Services	3,648	0.8	–
Manx Telecom	Fixed Line Telecommunications	3,298	0.7	–
Aveva	Software & Computer Services	3,280	0.7	2,289
BBA Aviation	Industrial Transportation	2,840	0.6	–
Capita	Support Services	2,643	0.5	2,021
Brunello Cucinelli	Personal Goods	2,544	0.5	–
Novo-Nordisk	Pharmaceuticals & Biotechnology	2,515	0.5	–
Temenos	Software & Computer Services	2,511	0.5	–
Amadeus	Support Services	2,203	0.5	–
Total equity investments		**441,202**	**90.9**	

Other Investments continued

As at 31 January 2017

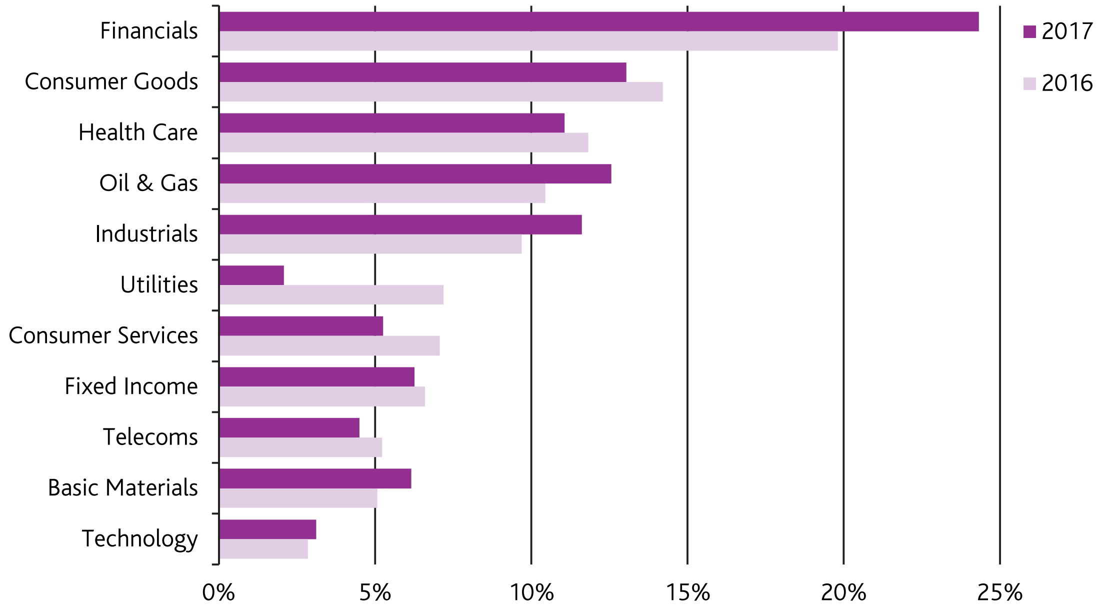
Company	FTSE All-Share Index Sector	Valuation 2017 £'000	Total assets %	Valuation 2016 £'000
BHP Billiton Finance 6.5% Var 22/10/77	Fixed Income	2,794	0.6	2,373
HBOS Cap Funding 6.461% Var Perp	Fixed Income	2,628	0.5	2,619
SSE 3.875% Var Perp	Fixed Income	2,101	0.4	932
Firstgroup 6.125% 18/01/19	Fixed Income	1,632	0.3	765
Rabobank Capital Funding Trust IV 5.556% FRN Perp Regs	Fixed Income	1,572	0.3	1,541
Credit Agricole 8.125% FRN Perp	Fixed Income	1,114	0.2	1,103
Lloyds Bank 5.75% 09/07/25 EMTM	Fixed Income	1,067	0.2	1,058
HSBC Bank Funding 5.862% 29/04/49	Fixed Income	1,061	0.2	1,031
BG Energy Capital 6.5% 30/11/72	Fixed Income	1,041	0.2	1,041
QBE Insurance Grp 6.115% Var 24/05/42	Fixed Income	1,027	0.2	–
Ten largest other investments		**16,037**	**3.1**	
Barclays Bank 10% 21/05/21	Fixed Income	1,019	0.2	1,025
Friends Life Holdings 8.25% 21/04/22	Fixed Income	1,009	0.2	945
Legal & General 10% 23/07/41	Fixed Income	970	0.2	950
Southern Water Services Finance 4.5% 31/03/38	Fixed Income	872	0.2	839
Heathrow Funding 6% 20/03/20	Fixed Income	794	0.2	787
Standard Chartered Bank 7.75% Var Perp	Fixed Income	784	0.2	–
Asif III Jersey 5% 18/12/18	Fixed Income	753	0.2	–
ING Bank 6.875% 29/05/23	Fixed Income	745	0.2	764
Daimler International Finance 3.5% 06/06/19	Fixed Income	741	0.2	737
Telecom Italia 7.375% 15/12/17	Fixed Income	734	0.2	758
Twenty largest other investments		**24,458**	**5.1**	
Wales & West Utilities Finance 6.25% 30/11/21	Fixed Income	733	0.2	725
Societe Generale 5.4% 30/01/18	Fixed Income	729	0.2	745
Motability Operations Group 6.625% 10/12/19	Fixed Income	696	0.1	709
GKN 6.75% 28/10/19	Fixed Income	679	0.1	677
HSBC Bank 5% Frn 20/03/23 EMTN	Fixed Income	674	0.1	–
Barclays Bank 8.25% Frn 29/12/49 EMTN	Fixed Income	637	0.1	–
ESB Finance 6.5% 05/03/20	Fixed Income	578	0.1	583
Anglian Water Services Finance 5.5% 10/10/40	Fixed Income	278	0.1	284
Total fixed income investments		**29,462**	**6.1**	
Total equity investments		**441,202**	**90.9**	
Total investments		**470,664**	**97.0**	
Net current assets[A]		**14,675**	**3.0**	
Total assets less current liabilities[A]		**485,339**	**100.0**	

[A] Excluding bank loan of £11,253,000.

Portfolio Sector and Performance Breakdown

As at 31 January 2017

Sector Breakdown

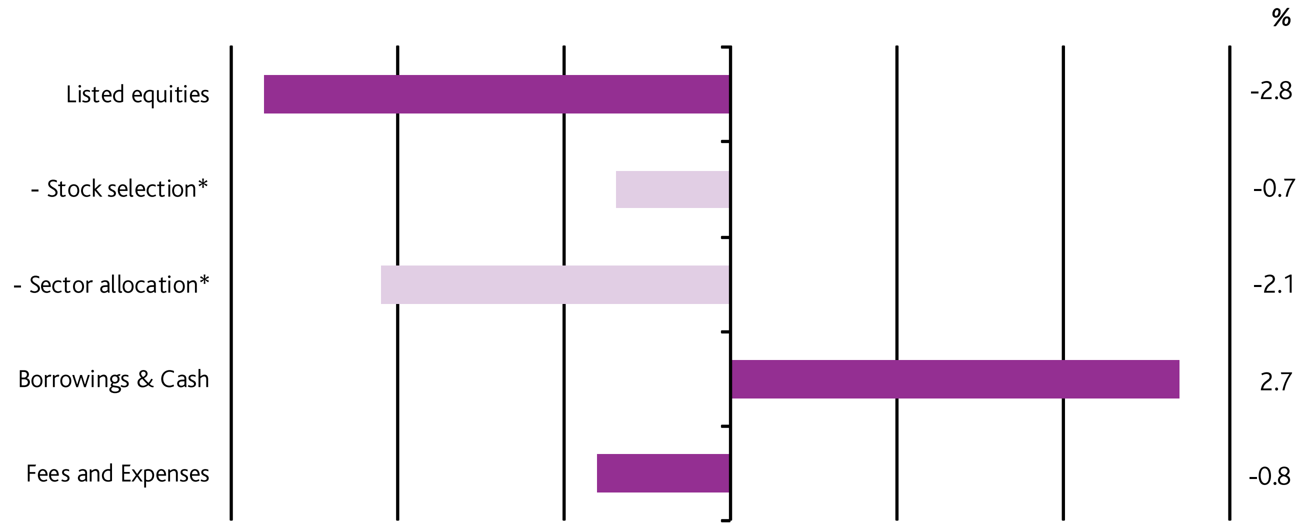


Analysis of Total Return Performance

	%
Gross assets total return	**17.2**
Total NAV return per share[A]	19.2
Total return on FTSE All-Share Index	20.1
Relative performance	**–0.9**

[A]With debt at market value

Analysis of Performance for the year Relative to the FTSE All-Share Index



* Further analysis of performance attributable to listed equities.

Sector Analysis

As at 31 January 2017

		FTSE All-Share Index weighting 2017 (%)	Portfolio weighting 2017 (%)	Portfolio weighting 2016 (%)
Oil & Gas	Oil & Gas Producers	12.27	10.25	8.77
	Oil Equipment Services & Distribution	0.38	1.93	1.65
		12.65	**12.18**	**10.42**
Basic Materials	Chemicals	0.66	2.62	3.31
	Forestry & Paper	0.29	–	–
	Industrial Metals & Mining	0.06	–	–
	Mining	6.68	3.35	1.75
		7.69	**5.97**	**5.06**
Industrials	Construction & Materials	1.36	–	–
	Aerospace & Defence	1.77	2.12	3.79
	General Industrials	0.87	0.91	–
	Electronic & Electrical Equipment	0.47	–	–
	Industrial Engineering	0.74	2.63	1.53
	Industrial Transportation	0.39	0.59	–
	Support Services	5.11	5.02	4.34
		10.71	**11.27**	**9.66**
Consumer Goods	Automobiles & Parts	0.26	–	1.35
	Beverages	2.75	1.53	–
	Food Producers	0.70	0.96	1.80
	Household Goods & Home Construction	3.21	–	–
	Leisure Goods	0.01	–	–
	Personal Goods	2.17	3.80	4.88
	Tobacco	5.67	6.36	6.14
		14.77	**12.65**	**14.17**
Health Care	Health Care Equipment & Services	0.87	–	–
	Pharmaceuticals & Biotechnology	7.93	10.74	11.79
		8.80	**10.74**	**11.79**
Consumer Services	Food & Drug Retailers	1.38	–	1.07
	General Retailers	1.91	1.15	1.28
	Media	3.79	1.70	2.40
	Travel & Leisure	4.37	2.25	2.30
		11.45	**5.10**	**7.05**
Telecommunications	Fixed Line Telecommunications	1.23	0.68	–
	Mobile Telecommunications	2.43	3.68	5.22
		3.66	**4.36**	**5.22**
Utilities	Electricity	0.74	–	–
	Gas, Water & Multi-utilities	2.78	2.02	7.17
		3.52	**2.02**	**7.17**

		FTSE All-Share Index weighting 2017 (%)	Portfolio weighting 2017 (%)	Portfolio weighting 2016 (%)
Financials	Banks	11.20	6.55	5.33
	Non-life Insurance	1.05	1.57	2.49
	Life Insurance	4.46	4.73	3.44
	Real Estate Investment & Services	0.50	–	–
	Real Estate Investment Trusts	1.91	5.00	3.49
	Financial Services	2.66	5.74	5.02
	Equity Investment Instruments	4.15	–	–
		25.93	**23.59**	**19.77**
Technology	Software & Computer Services	0.74	3.03	2.84
	Technology Hardware & Equipment	0.08	–	–
		0.82	**3.03**	**2.84**
Total equity investments		**100.00**	**90.91**	**93.15**
Fixed income investments			6.07	6.58
Total investments			**96.98**	**99.73**
Net current assets before borrowings			3.02	0.27
Total assets less current liabilities			**100.00**	**100.00**

Governance

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

All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship of the Manager.

Your Board of Directors

The current Directors' details, all of whom are non-executive and independent of the Manager, are set out below. The Directors supervise the management of the Company and represent the interests of shareholders.

John Carson

Status: Senior Independent Non-Executive Director (Acting Chairman, until 23 May 2017)

Length of service: 9 years, appointed a Director on 25 June 2007

Experience: former Head of Institutional Clients at Baillie Gifford & Co.

Last re-elected to the Board: 22 May 2014

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

David Barron

Status: Independent Non-Executive Director (Chairman from 23 May 2017)

Length of service: 1 year, appointed a Director on 1 February 2016

Experience: Chief Executive of Miton Group PLC. He was, until 2013, Head of Investment Trusts of JP Morgan Asset Management and, until 2014, a director of The Association of Investment Companies. He is a Member of the Council and Finance Committee of Lancaster University.

Last re-elected to the Board: 25 May 2016

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

Your Board of Directors continued

Catherine Claydon

Status: Independent Non-Executive Director and Chairman of the Nomination and Remuneration Committee

Length of service: 6 years, appointed a Director on 1 February 2011

Experience: formerly managing director in Goldman Sachs International Pension & Insurance Strategies Group and a managing director at Lehman Brothers in its Pension Advisory Group. Currently a director of Witan Investment Trust PLC and the Barclays UK Retirement Fund, as well as an Independent Member of the Unilever UK Pension Fund Investment Committee.

Last re-elected to the Board: 22 May 2014

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

Jasper Judd

Status: Independent Non-Executive Director and Chairman of the Audit Committee

Length of service: 1 year, appointed a Director on 1 February 2016

Experience: formerly worked for Brambles Limited, a listed Australian multinational, where he held a number of senior executive roles including Global Head of Strategy. He is also a non-executive director of JP Morgan Indian Investment Trust plc. He is a Chartered Accountant.

Last re-elected to the Board: 25 May 2016

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

Elisabeth Scott

Status: Independent Non-Executive Director and Chairman of the Management Engagement Committee

Length of service: 5 years, appointed a Director on 24 January 2012

Experience: formerly country head of Schroders in Hong Kong. Previously responsible for Schroders' institutional client business in Hong Kong and managed multi-asset portfolios. Currently a director of Pacific Horizon Investment Trust PLC, Fidelity China Special Situations Investment Trust PLC and Allianz Technology Trust PLC.

Last re-elected to the Board: 27 May 2015

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

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 January 2017.

Results and Dividends

The financial statements for the year ended 31 January 2017 are contained on pages 49 to 68. First, second and third interim dividends, each of 2.575p per Ordinary share, were paid on 26 August 2016, 25 November 2016 and 24 February 2017 respectively. The Directors now recommend a final dividend of 3.975p per Ordinary share payable on 26 May 2017 to shareholders on the register on 5 May 2017. The ex-dividend date is 4 May 2017. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Investment Trust Status

The Company is registered as a public limited company (registered in Scotland No. SC000881) and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has been approved by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 January 2017 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

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

Capital Structure

The issued Ordinary share capital at 31 January 2017 consisted of 150,512,687 Ordinary shares of 25p and 3,165,248 Ordinary shares held in treasury. Since the end of the year, the Company has purchased 280,010 Ordinary shares to be held in treasury and at the date of approval of this Report there were 150,232,677 Ordinary shares of 25p in issue and 3,445,258 Ordinary shares held in treasury.

Voting Rights

Each Ordinary share holds one voting right and shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding treasury shares, carry a right to receive dividends. On a winding up or other return of capital, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law.

Management Agreement

The Company has appointed Aberdeen Fund Managers Limited, a wholly owned subsidiary of Aberdeen Asset Management PLC, as its alternative investment fund manager. AFML has been appointed to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by Aberdeen Asset Managers Limited by way of a group delegation agreement in place between AFML and AAML. In addition, AFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to AAML. Fees payable for promotional activities are shown in note 5 to the financial statements.

The management fee, details of which are shown in note 4 to the financial statements, 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 calculated with debt at par and excluding commonly managed funds. The total management fee for the year ended 31 January 2017 amounted to 0.39% of average monthly net assets.

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

Substantial Interests

As at 31 January 2017, the following interests in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the FCA's Disclosure Guidance and Transparency Rules:

Shareholder	Number of shares held	% held[B]
Aberdeen Asset Managers Limited Retail Plans[A]	36,191,205	24.0
1607 Capital Partners LLC	7,619,495	5.0
Brewin Dolphin	7,512,454	4.9
D C Thomson & Company Ltd	5,900,000	3.9

[A] Non-beneficial interest
[B] Based on 150,512,687 Ordinary shares in issue as at 31 January 2017

There have been no changes notified to the Company as at the date of approval of this Report.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code (the "UK Code"), as published in September 2014 and effective for financial years commencing on or after 1 October 2014, which is available on the Financial Reporting Council's website: frc.org.uk.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts. The AIC Code and AIC Guide are available on the AIC's website: theaic.co.uk.

The Board considers that reporting in accordance with the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

The Board confirms that, during the year, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.1.1 and D.1.2);
- the need for an internal audit function (C.3.6).

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

The full text of the Company's Corporate Governance Statement can be found on its website.

Directors

At the year end the Board comprised five non-executive Directors. David Barron and Jasper Judd were appointed on 1 February 2016. Peter Wolton retired on 25 May 2016 and, as explained in the Chairman's Statement on page 4, Rory Macnamara passed away on 17 December 2016. The names and biographies of each of the Directors are shown on pages 31 to 33 and indicate their range of skills and experience as well as length of service.

All Directors are considered by the Board to be independent of the Company and the Manager. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper governance of the Company.

The Directors attended scheduled Board and Committee meetings during the year ended 31 January 2017 as follows (with their eligibility to attend the relevant meetings in brackets):

Director	Scheduled Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
David Barron	6 (6)	3 (3)	1 (1)	2 (2)
John Carson	6 (6)	3 (3)	1 (1)	2 (2)
Catherine Claydon	6 (6)	3 (3)	1 (1)	2 (2)
Jasper Judd	5 (6)	3 (3)	1 (1)	2 (2)
Rory Macnamara	2 (5)	2 (3)	- (-)	- (1)
Elisabeth Scott	6 (6)	3 (3)	1 (1)	2 (2)
Peter Wolton	2 (2)	2 (2)	- (-)	- (-)

The Board meets more frequently when business needs require.

Catherine Claydon retires by rotation at the Annual General Meeting and John Carson, having served for more than nine years, will also retire at the Annual General Meeting. Being eligible, both Directors offer themselves for re-election. The Board believes that Catherine Claydon and John Carson remain independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. In addition, the Board confirms that, following a formal performance evaluation, the performance of both Directors continues to be effective and demonstrates commitment to the role. The Board therefore recommends the re-election of Catherine Claydon and John Carson at the Annual General Meeting.

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. Each Director is entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him or her in the execution of his or her duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Management of Conflicts of Interest

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

No Director has a service contract with the Company although all Directors are issued with letters of appointment. There were no contracts during, or at the end of the year, in which any Director was interested.

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

Board Committees

The Board has appointed a number of Committees, as set out below. Copies of their terms of reference, which clearly define the responsibilities and duties of each Committee, are available on the Company's website, or upon request from the Company. The terms of reference of each of the Committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit Committee

The Audit Committee's Report is contained on pages 42 to 44.

Management Engagement Committee

The Management Engagement Committee consists of all the Directors and is chaired by Elisabeth Scott. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Committee also keeps the resources of the Aberdeen Group under review, together with its commitment to the Company and its investment trust business. In addition, the Committee conducts an annual review of the performance, terms and conditions of the Company's main third party suppliers.

The Board remains satisfied with the capability of the Aberdeen Group to deliver satisfactory investment performance, that its investment screening processes are thorough and robust and that it employs a well-resourced team of skilled and experienced fund managers. In addition, the Board is satisfied that the Aberdeen Group has the secretarial, administrative and promotional skills required for the effective operation and administration of the Company. Accordingly, the Board believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of all the Directors. The Committee was chaired by Peter Wolton until his retirement from the Board on 25 May 2016 and since then has been chaired by Catherine Claydon. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, appraisals, training and the remuneration policy. Further details of the remuneration policy are provided in the Directors' Remuneration Report on pages 39 and 40.

The Committee undertakes an annual appraisal of the Chairman of the Board, individual Directors and the performance of the Board as a whole. The intention is that the evaluation is externally facilitated every three years, the last such review being in 2015/16.

Potential new Directors are identified against the requirements of the Company's business and the need to have a balance of skills, experience, independence, diversity and knowledge of the Company within the Board.

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 current bank loan expires in July 2018. 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.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on page 46 and 48.

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they could reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

As explained in the Audit Committee's Report on page 44, following a formal tender process conducted during the year, the Board decided to appoint Deloitte LLP as the Company's auditor, in place of KPMG LLP, for the audit of the financial statements for the year ending 31 January 2018. The Board will therefore propose resolutions at the Annual General Meeting to appoint Deloitte LLP as auditor for the ensuing year and to authorise the Directors to determine its remuneration.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. Shareholders and investors may obtain up to date information on the Company through its website and the Manager's information service.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (including the Company Secretary or the Manager) in situations where direct communication is required, and representatives from the Board meet with major shareholders on an annual basis in order to gauge their views. In addition, the Company Secretary only acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds personally as appropriate.

The notice of the Annual General Meeting is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Manager at the meeting .

Annual General Meeting

The Annual General Meeting will be held at the offices of Aberdeen Asset Management PLC, 40 Princes Street, Edinburgh EH2 2BY on Tuesday 23 May 2017 at 12 noon. The Notice of the Meeting is included on pages 81 to 84. Resolutions including the following business will be proposed:

Allotment of Shares

Resolution 9 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 33.33% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (up to a maximum aggregate nominal amount of £12,518,137 based on the number of Ordinary shares in issue as at the date of this Report) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the next Annual General Meeting of the Company or, if earlier, 31 July 2018 (unless previously revoked, varied or extended by the Company in general meeting).

The Directors consider that the authority proposed to be granted by resolution 9 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Limited Disapplication of Pre-emption Provisions

Resolution 10 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares and to sell Ordinary shares held in treasury (see below) (i) by way of a rights issue (subject to certain exclusions); (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions); and (iii) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount representing 5% of the Company's issued Ordinary share capital as at the date of the passing of the resolution (up to an aggregate nominal amount of £1,877,908 based on the number of Ordinary shares in issue as at the date of this Report), without first being required to offer such shares to existing shareholders *pro rata* to their existing shareholding.

This power will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 July 2018 (unless previously revoked, varied or extended by the Company in general meeting).

The Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. Such sales are required to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 10 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash, and treasury shares would only be sold for cash, at a premium to the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

Market Purchase of the Company's own Ordinary Shares

Resolution 11 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:

- sell such shares (or any of them) for cash (or its equivalent); or
- ultimately cancel the shares (or any of them).

Treasury shares may be resold quickly and cost effectively. The Directors therefore intend to continue to take advantage of this flexibility as they deem appropriate. Treasury shares also enhance the Directors' ability to manage the Company's capital base.

No dividends will be paid on treasury shares and no voting rights attach to them.

The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority is 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (approximately 22.5 million Ordinary shares). The minimum price which may be paid for an Ordinary share is 25p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares is the higher of a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 July 2018 (unless previously revoked, varied or extended by the Company in general meeting) and will be exercised only if it would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it is in the best interests of shareholders as a whole.

Recommendation

The Directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 50,800 Ordinary shares, representing 0.03% of the issued share capital.

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
40 Princes Street
Edinburgh EH2 2BY
30 March 2017

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

1. a Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the Annual General Meeting on 22 May 2014;
2. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
3. an Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included on pages 47 to 48.

Remuneration Policy

The Directors' Remuneration Policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. There were no changes to the Directors' Remuneration Policy during the year nor are there any proposals for changes in the foreseeable future.

No shareholder views were sought in setting the remuneration policy although any comments received from shareholders are considered.

Directors' remuneration is determined by the Nomination and Remuneration Committee, which is chaired by Catherine Claydon and comprises all of the Directors.

Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum. The current limit is £200,000 per annum and may only be increased by shareholder resolution. The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract Directors of the quality required to run the Company successfully. The remuneration should also reflect the nature of the Directors' duties, responsibilities, the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, and have similar capital structures and similar investment objectives.

The current levels of fees are set out in the table below. Fees are reviewed annually and, if considered appropriate, increased accordingly.

	31 January 2017 £	31 January 2016 £
Chairman	30,250	29,500
Chairman of Audit Committee	23,000	23,000
Director	19,500	19,000

Each member of the Audit Committee was paid an additional £2,000 per annum, bringing the total annual fees to £32,250 for the Chairman, £25,000 for the Audit Committee Chairman and £21,500 for the other Directors.

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first Annual General Meeting after their appointment, and be subject to re-election at least every three years thereafter. Directors with more than nine years' service are subject to annual re-election.
- Any Director newly appointed to the Board will receive the fee applicable to each of the other Directors at the time of appointment together with any other fee then currently payable in respect of a specific role which the new Director is to undertake for the Company.
- No incentive or introductory fees will be paid to encourage a person to become a Director.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' Remuneration Report continued

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

It is the Board's intention that this Remuneration Policy will apply for the three year period ended 31 January 2020.

A resolution to approve the Directors' Remuneration Policy will be proposed at the Annual General Meeting.

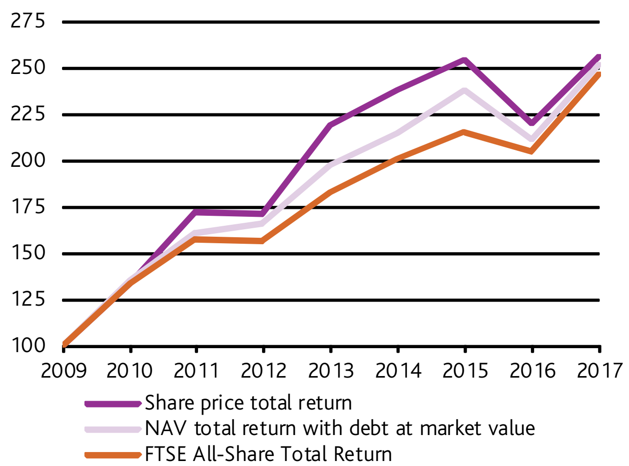
Implementation Report

Review of Directors' Fees

The Board carried out a review of the level of Directors' fees during the year and concluded that, with effect from 1 February 2017, fees should be increased to £33,000 for the Chairman, £25,500 for the Audit Committee Chairman and £22,000 for the other Directors, in each case including a fee of £2,000 for membership of the Audit Committee. An additional fee of £2,000 per annum will be payable to the Senior Independent Director following the Annual General Meeting. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

Company Performance

The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the eight year period to 31 January 2017 (rebased to 100 at 31 January 2009). This Index was chosen for comparison purposes as it is the benchmark used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last Annual General Meeting, held on 25 May 2016, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2016. 97.7% of proxy votes were in favour of the resolution, 1.5% were against and 0.8% abstained.

A resolution to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2017 will be proposed at the Annual General Meeting.

Spend on Pay

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

Audited Information

Fees Payable

The Directors who served during the year received the following fees, which exclude employers' National Insurance contributions. The increase was amplified by the recruitment of new Directors during the year and will reduce next year.

Director	2017 £	2016 £
Rory Macnamara [C]	29,563	31,500
David Barron [A]	21,500	-
John Carson [D]	25,832	25,000
Catherine Claydon	21,500	21,000
Jasper Judd [AE]	21,586	-
Elisabeth Scott	21,500	21,000
Peter Wolton [B]	6,820	21,000
Total	**148,301**	**119,500**

[A] Appointed 1 February 2016
[B] Retired 25 May 2016
[C] Died 17 December 2016
[D] Received a Chairman's fee with effect from 20 December 2016 in his capacity as Acting Chairman but no fee from that date for acting as the Senior Independent Director or Chairman of the Audit Committee
[E] Appointed as Chairman of the Audit Committee on 24 January 2017

Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties included in the fees referred to in the table above.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 31 January 2017 and 31 January 2016 had no interest in the share capital of the Company other than those interests, all of which are beneficial, shown in the following table.

	31 January 2017 Ordinary shares	31 January 2016 Ordinary shares
David Barron	-	-
John Carson	40,000	40,000
Catherine Claydon	4,000	4,000
Jasper Judd	2,000	-
Rory Macnamara [B]	14,000	14,000
Elisabeth Scott	4,800	4,800
Peter Wolton [A]	55,000	55,000

[A] At date of retirement on 25 May 2016
[B] At date of passing away on 17 December 2016

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

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 31 January 2017:

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

Catherine Claydon
Chairman of Nomination and Remuneration Committee
30 March 2017

Audit Committee's Report

The Audit Committee presents its Report for the year ended 31 January 2017.

Committee Composition

An Audit Committee is established consisting of the whole Board. John Carson was Chairman of the Committee until 24 January 2017. Jasper Judd was appointed as Chairman of the Committee on that date. Jasper Judd is a Chartered Accountant and the Board is satisfied that the Committee as a whole has competence relevant to the investment trust sector.

Functions of the Audit Committee

The principal role of the Audit Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on at least an annual basis. Copies of the terms of reference are published on the Company's website and are available from the Company on request.

The Committee's main functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of non financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out below);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly financial reports, announcements and related formal statements;
- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditor to supply non-audit services. Non-audit fees paid to the auditor during the year under review amounted to £7,000 (2016: £7,000), comprising £6,000 (2016: £6,000) for the review of the Half-Yearly Financial Report and £1.000 (2016: £1,000) for the annual review of compliance with the debenture stock covenants. The Committee will review any future fees in the light of statutory requirements and the need to maintain the auditor's independence;
- to review a statement from the Aberdeen Group detailing the arrangements in place within Aberdeen whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor; and
- to monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification.

Activities During the Year

The Audit Committee met three times during the year when, amongst other things, it considered the Annual Report and the Half-Yearly Financial Report in detail. Representatives of the Aberdeen Group's internal audit, risk and compliance departments reported to the Committee at two of these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Internal Control

There is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks, that has been in place for the year ended 31 January 2017 and up to the date of approval of the Annual Report, is regularly reviewed by the Board and accords with the FRC's guidance on internal controls.

The Board has overall responsibility for ensuring that there is a system of internal controls in place and a process for reviewing its effectiveness. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board, through the Audit Committee, has prepared its own risk register which lists potential risks relating to strategy; shareholders; Board; investment management; promotional activities; company secretarial; depositary; third party service providers and other external factors. The Board considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate these potential risks.

Clear lines of accountability have been established between the Board and the Manager. The Board receives regular reports covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Aberdeen Group, the Aberdeen Group's internal audit and compliance functions and the auditor.

The Board has reviewed Aberdeen's process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed. The Board has also reviewed the effectiveness of the Aberdeen Group's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurances Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organization".

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

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

- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board;
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- as a matter of course the Aberdeen Group's compliance department continually reviews its operations; and
- at its meeting in March 2017, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 January 2017 by considering documentation from the Aberdeen Group, including the internal audit and compliance functions and taking account of events since 31 January 2017.

The Board has considered the need for an internal audit function. However, the Company has no employees and the day-to-day management of the Company's assets has been delegated to the Aberdeen Group which has its own compliance and internal control systems. The Board has therefore decided to place reliance on those systems and internal audit procedures and has concluded that it is not necessary for the Company to have its own internal audit function.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 January 2017, the Audit Committee considered the following significant issues, in particular those communicated by the auditor during its planning and reporting of the year end audit:

Valuation and Existence of Investments

How the issue was addressed - The Company's investments have been valued in accordance with the accounting policies, as disclosed in note 2 to the financial statements. All investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 and 2 within the FRS102 fair value hierarchy. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company uses the services of an independent Depositary (BNY Mellon Trust & Depositary (UK) Limited) to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Manager on a monthly basis and reports to the Board on an annual basis.

Recognition of Investment Income

How the issue was addressed - The recognition of investment income is undertaken in accordance with the stated accounting policies. In addition, the Directors review the Company's income, revenue forecasts and dividend comparisons at each Board meeting.

Maintenance of Investment Trust Status

How the issue was addressed - The Company has been approved as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010. Ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and reported at each Board meeting.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor, KPMG LLP ("KPMG") including:

Audit Committee's Report continued

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

In reviewing the auditor, the Committee also took into account the FRC's Audit Quality Inspection Report for KPMG LLP and KPMG Audit Plc.

Tenure of the Auditor and Appointment of New Auditor

KPMG, or various KPMG entities, have held office as auditor for more than 25 years. In accordance with present professional guidelines the audit director is rotated after no more than five years and the year ended 31 January 2017 is the fifth year for which the present audit director has served. Under new EU legislation, listed companies are required to rotate their auditor every 10 years. However, under transitional arrangements for companies that have been audited by the same auditor for over 20 years there is a grace period of six years after the enactment of the EU legislation in 2014. Accordingly, KPMG will not be able to audit the Company after the 31 January 2020 year end. However, with the present audit director having served for five years, during the year the Audit Committee decided that the audit should be put out to tender. The Committee therefore invited a number of audit firms to submit written proposals and, following a thorough process which involved a presentation to the Audit Committee by each of the firms, it was agreed to recommend to the Board the appointment of Deloitte LLP as the Company's auditor for the year ending 31 January 2018. In reaching its decision, the Audit Committee took into account a number of factors, including the independence, skills and experience of the different audit firms, as well as the proposed levels of audit fees.

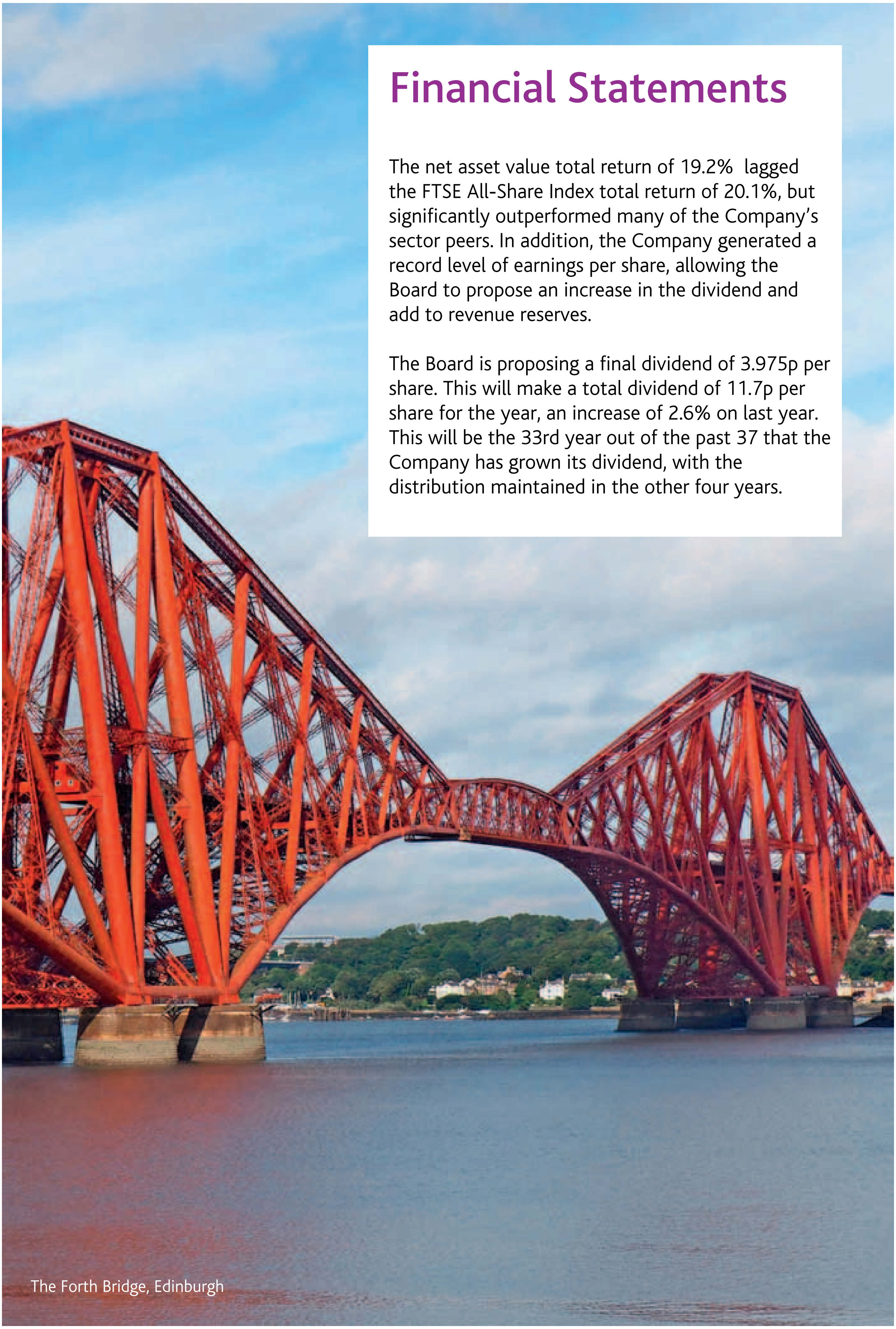
As a result, KPMG will not be seeking re-appointment as auditor and the Board will propose resolutions at the Annual General Meeting to appoint Deloitte LLP as auditor for the year ending 31 January 2018 and to authorise the Directors to determine its remuneration.

Jasper Judd
Chairman of the Audit Committee
30 March 2017

Financial Statements

The net asset value total return of 19.2% lagged the FTSE All-Share Index total return of 20.1%, but significantly outperformed many of the Company's sector peers. In addition, the Company generated a record level of earnings per share, allowing the Board to propose an increase in the dividend and add to revenue reserves.

The Board is proposing a final dividend of 3.975p per share. This will make a total dividend of 11.7p per share for the year, an increase of 2.6% on last year. This will be the 33rd year out of the past 37 that the Company has grown its dividend, with the distribution maintained in the other four years.



The Forth Bridge, Edinburgh

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements, in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- in the opinion of the Directors, the Annual Report taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board
John Carson
Director
30 March 2017

Independent Auditor's Report to the Members of Dunedin Income Growth Investment Trust PLC Only

Opinions and Conclusions Arising From Our Audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Dunedin Income Growth Investment Trust PLC for the year ended 31 January 2017 set out on pages 49 to 68. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risk of material misstatement that had the greatest effect on our audit was as follows (unchanged from 2016):

Carrying amount of quoted investments (£470.7m (2016:£436.0m))
Refer to page 43 (Audit Committee's Report), page 53 (accounting policy) and pages 58 and 59 (financial disclosures).

The risk: The Company's portfolio of quoted equity and bond investments makes up 97.8% of the Company's total assets (by value) and is the key driver of results. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the completeness, valuation and existence of the Company's quoted investment portfolio included, but were not limited to:

- documenting and assessing the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of 100% of investments in the portfolio to externally quoted prices; and
- agreeing 100% of investment holdings in the portfolio to independently received third party confirmations.

Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £4.8 million (2016: £4.4 million), determined with reference to a benchmark of total assets of which it represents 1% (2016: 1%).

In addition, we applied materiality of £945,000 (2016: £886,000) to income from investments for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the Company's members' assessment of the financial performance of the Company.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £243,000 (2016: £219,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' viability statement on pages 13 and 14, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Company's continuing in operation over the five years to 30 March 2022; or

Independent Auditor's Report to the Members of Dunedin Income Growth Investment Trust PLC Only continued

- the disclosures in note 2 of the financial statements concerning the use of the going concern basis of accounting.

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the Audit Committee's Report does not appropriately address matters communicated by us to the Audit Committee.

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

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

Under the Listing Rules we are required to review:

- the Directors' statements, set out on pages 36 and 37, and 13 and 14, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on page 35 relating to the Company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and Responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 46, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
30 March 2017

Statement of Comprehensive Income

		Year ended 31 January 2017			Year ended 31 January 2016		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Gains/(losses) on investments	10	–	50,712	50,712	–	(59,180)	(59,180)
Currency losses		–	(494)	(494)	–	(278)	(278)
Income	3	21,963	–	21,963	20,359	–	20,359
Investment management fee	4	(630)	(945)	(1,575)	(643)	(966)	(1,609)
Administrative expenses	5	(932)	–	(932)	(935)	–	(935)
Net return before finance costs and taxation		20,401	49,273	69,674	18,781	(60,424)	(41,643)
Finance costs	6	(1,445)	(2,165)	(3,610)	(1,046)	(1,566)	(2,612)
Return on ordinary activities before taxation		18,956	47,108	66,064	17,735	(61,990)	(44,255)
Taxation	7	(57)	–	(57)	558	–	558
Return on ordinary activities after taxation		**18,899**	**47,108**	**66,007**	**18,293**	**(61,990)**	**(43,697)**
Return per Ordinary share (pence)	9	**12.55**	**31.28**	**43.83**	**12.11**	**(41.05)**	**(28.94)**

The column of this statement headed "Total" represents 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.

Statement of Financial Position

	Notes	As at 31 January 2017 £'000	As at 31 January 2016 £'000
Non-current assets			
Equity securities		441,202	407,235
Fixed interest securities		29,462	28,777
Investments at fair value through profit or loss	10	470,664	436,012
Current assets			
Debtors	11	7,030	1,513
Cash and short term deposits		8,648	568
		15,678	2,081
Creditors: amounts falling due within one year			
Bank loan	12	(11,253)	(10,653)
Other creditors	12	(1,003)	(1,128)
		(12,256)	(11,781)
Net current assets/(liabilities)		3,422	(9,700)
Total assets less current liabilities		474,086	426,312
Creditors: amounts falling due after more than one year	13	(58,276)	(58,271)
Net assets		**415,810**	**368,041**
Capital and reserves			
Called-up share capital	14	38,419	38,419
Share premium account		4,619	4,619
Capital redemption reserve		1,606	1,606
Capital reserve		345,486	299,437
Revenue reserve		25,680	23,960
Equity shareholders' funds		**415,810**	**368,041**
Net asset value per Ordinary share (pence)	16	**276.26**	**243.73**

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2017 and were signed on its behalf by:

John Carson
Director

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

Statement of Changes in Equity

For the year ended 31 January 2017

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2016		38,419	4,619	1,606	299,437	23,960	368,041
Return on ordinary activities after taxation		–	–	–	47,108	18,899	66,007
Dividends paid	8	–	–	–	–	(17,179)	(17,179)
Buyback of Ordinary shares for treasury		–	–	–	(1,059)	–	(1,059)
Balance at 31 January 2017		**38,419**	**4,619**	**1,606**	**345,486**	**25,680**	**415,810**

For the year ended 31 January 2016

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2015		38,419	4,619	1,606	361,427	22,631	428,702
Return on ordinary activities after taxation		–	–	–	(61,990)	18,293	(43,697)
Dividends paid	8	–	–	–	–	(16,964)	(16,964)
Balance at 31 January 2016		**38,419**	**4,619**	**1,606**	**299,437**	**23,960**	**368,041**

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

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

Statement of Cash Flows

	Notes	Year ended 31 January 2017 £'000	Year ended 31 January 2016 £'000
Operating activities			
Net return on ordinary activities before finance costs and taxation		69,674	(41,643)
Adjustment for:			
(Gains)/losses on investments		(50,712)	59,180
Currency losses		494	278
(Increase)/decrease in accrued dividend income		(88)	14
Decrease/(increase) in accrued interest income		138	(707)
Stock dividends included in dividend income		(2,424)	(2,105)
Amortisation of fixed income book cost		352	44
Decrease in other debtors		6	–
Decrease in other creditors		(125)	(36)
Net tax (paid)/received		(91)	340
Net cash flow from operating activities		17,224	15,365
Investing activities			
Purchases of investments		(66,492)	(69,807)
Sales of investments		79,097	39,121
Net cash used in investing activities		12,605	(30,686)
Financing activities			
Interest paid		(3,587)	(2,433)
Dividends paid	8	(17,179)	(16,964)
Buyback of Ordinary shares for treasury		(1,059)	–
Repayment of loan		(6,000)	–
Drawdown of loan		5,878	–
Issue of Loan Notes		(18)	29,711
Net cash flow (used in)/from financing activities		(21,965)	10,314
Increase/(decrease) in cash and cash equivalents		**7,864**	**(5,007)**
Analysis of changes in cash and cash equivalents during the year			
Opening balance		568	5,783
Effect of exchange rate fluctations on cash held		216	(208)
Increase/(decrease) in cash as above		7,864	(5,007)
Closing balance		**8,648**	**568**

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

Notes to the Financial Statements

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No SC000881, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of preparation and going concern

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 36.

(b) Revenue, expenses and interest payable

Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short term deposits and expenses are accounted for on an accruals basis. Income from underwriting commission is recognised as earned. Interest payable is calculated on an effective yield basis.

The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities.

Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the proportionate commission received is deducted from the cost of the investment.

Expenses are charged to capital when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs including the amortisation of expenses and premium related to the debenture issue and loan note placement are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long-term in the form of revenue and capital respectively (see note 4).

Stock lending income is recognised on an accruals basis.

(c) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE All-Share and the most liquid AIM constituents. Gains or losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income.

(d) Dividends payable

Interim and final dividends are recognised in the period in which they are paid.

(e) Nature and purpose of reserves

Share premium account

The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising ordinary shares of 25p.

Capital redemption reserve

The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital.

Capital reserve

Gains or losses on disposal of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

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

The costs of share buybacks to be held in treasury are also deducted from this reserve as the special reserve has been extinguished

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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

(g) Foreign currency

The Company receives a proportion of its investment income in foreign currency. These amounts are translated at the rate ruling on the date of receipt. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Statement of Financial Position date.

(h) Traded options

The Company may enter into certain derivatives (e.g. options). Option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value. The initial fair value is based on the initial premium, which is recognised upfront. The premium received and fair value changes in the open position which occur due to the movement in underlying securities are recognised in the revenue column, losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income.

In addition, the Company may enter into derivative contracts to manage market risk and gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

(i) **Borrowings**

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

3. **Income**	**2017 £'000**	**2016 £'000**
Income from investments		
UK dividend income	13,417	12,902
Overseas dividends	2,952	3,370
Fixed income	1,388	162
Stock dividends	2,424	2,105
	20,181	18,539
Other income		
Deposit interest	50	55
Income on derivatives	1,720	1,751
Underwriting commission	–	14
Income from stock lending	12	–
	1,782	1,820
Total income	**21,963**	**20,359**

During the year, the Company earned premiums totaling £1,720,000 (2016 – £1,751,000) in exchange for entering into derivative transactions. The Company had no open positions in derivative contracts at 31 January 2017 (2016 – no open positions). Losses realised on the exercise of derivative transactions are disclosed in note 10.

	2017			**2016**		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
4. **Management fee**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Management fee	**630**	**945**	**1,575**	**643**	**966**	**1,609**

The Company has appointed Aberdeen Fund Managers Limited ("AFML") as its alternative investment fund manager. Under the terms of the management agreement, AFML provides investment management, risk management, accounting, administrative and secretarial 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 per annum of the net assets of the Company, with debt at par and excluding commonly managed funds. The balance due at the year end was £139,000 (2016 – £126,000). The management fee is allocated 40% to revenue and 60% to capital. There were no commonly managed funds held in the portfolio during the year to 31 January 2017 (2016 – none).

AFML has also been appointed to provide promotional activities, and has sub-delegated this service to Aberdeen Asset Managers Limited ("AAML"). Fees payable for promotional activities are shown in note 5.

Notes to the Financial Statements continued

5. Administrative expenses	2017 £'000	2016 £'000
Directors' fees	148	120
Auditor's remuneration (excluding irrecoverable VAT):		
fees payable to the Company's auditor for the audit of the Company's annual accounts	17	17
fees payable to the Company's auditor for other services		
• interim review	6	6
• other services	1	1
Promotional activities	372	372
Registrar's fees	45	45
Share plan fees	68	72
Printing and postage	50	49
Other expenses	225	253
	932	**935**

Expenses of £372,000 (2016 – £372,000) were paid to AAML in respect of the promotion of the Company. The balance outstanding at the year end was £31,000 (2016 – £124,000).

All of the expenses above, with the exception of auditor's remuneration, include irrecoverable VAT where applicable. The VAT charged on the auditor's remuneration is disclosed within other expenses

	2017			2016		
6. Finance costs	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loan	54	81	135	68	102	170
Debenture Stock	901	1,352	2,253	901	1,352	2,253
Amortised Debenture Stock premium and issue expenses	5	8	13	5	8	13
Loan Notes – repayable after more than 5 years	479	718	1,197	69	103	172
Amortised Loan Notes issue expenses	4	6	10	1	1	2
Bank overdraft	2	–	2	2	–	2
	1,445	**2,165**	**3,610**	**1,046**	**1,566**	**2,612**

Finance costs (excluding bank overdraft interest) are allocated 40% to revenue and 60% to capital.

	2017			2016		
7. Taxation	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge/(credit) for the year						
Overseas tax suffered/recovered)	224	–	224	(371)	–	(371)
Overseas tax reclaimable	(167)	–	(167)	(187)	–	(187)
Total tax charge/(credit) for the year	**57**	–	**57**	**(558)**	–	**(558)**

(b) **Factors affecting the tax charge for the year**

The UK corporation tax rate was 20% from 1 April 2016, giving an effective rate for the year of 20% (2016 – effective rate of 20.17%). The tax assessed for the year is higher than the rate of corporation tax. The differences are explained below:

	2017			2016		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Return on ordinary activities before taxation	18,956	47,108	66,064	17,735	(61,990)	(44,255)
Corporation tax at 20% (2016 – 20.17%)	3,791	9,422	13,213	3,577	(12,503)	(8,926)
Effects of:						
Non-taxable UK dividend income	(2,683)	–	(2,683)	(2,602)	–	(2,602)
Non-taxable stock dividends	(485)	–	(485)	(425)	–	(425)
Capital gains on investments not taxable	–	(10,143)	(10,143)	–	11,936	11,936
Currency gains not taxable	–	99	99	–	56	56
Overseas taxes	57	–	57	(558)	–	(558)
Non-taxable overseas dividends	(560)	–	(560)	(674)	–	(674)
Expenses not deductible for tax purposes	–	–	–	1	–	1
Excess management expenses	(61)	622	561	123	511	634
Prior year adjustment	(2)	–	(2)	–	–	–
Total tax charge/(credit)	**57**	**–**	**57**	**(558)**	**–**	**(558)**

(c) **Factors that may affect future tax charges**

At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £119,957,000 (2016 – £117,155,000). A deferred tax asset in respect of this has not been recognised and these unrelieved expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

8. **Dividends**	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the period:		
Third interim dividend for the year ended 31 January 2016 – 2.575p (2015 – 2.575p) paid 26 February 2016	3,888	3,888
Final dividend for the year ended 31 January 2016 – 3.675p (2015 – 3.525p) paid 27 May 2016	5,539	5,323
First interim dividend for the year ended 31 January 2017 – 2.575p (2016 – 2.575p) paid 26 August 2016	3,876	3,888
Second interim dividend for the year ended 31 January 2017 – 2.575p (2016 – 2.575p) paid 25 November 2016	3,876	3,888
Return of unclaimed dividends	–	(23)
Dividends paid in the period	**17,179**	**16,964**

A third interim dividend of 2.575p per Ordinary share was declared on 23 January 2017, payable on 24 February 2017 to shareholders on the register on 3 February 2017 and has not been included as a liability in these financial statements.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £18,899,000 (2016 – £18,293,000).

	2017 £'000	2016 £'000
First interim dividend for the year ended 31 January 2017 – 2.575p (2016 – 2.575p)	3,876	3,888
Second interim dividend for the year ended 31 January 2017 – 2.575p (2016 – 2.575p)	3,876	3,888
Third interim dividend for the year ended 31 January 2017 – 2.575p (2016 – 2.575p)	3,876	3,888
Proposed final dividend for the year ended 31 January 2017 – 3.975p (2016 – 3.675p)	5,972	5,543
	17,600	**17,207**

280,010 Ordinary shares have been bought back since the year end and the proposed final dividend is based on the latest share capital of 150,232,677 Ordinary shares.

9. Return per Ordinary share	2017 £'000	2017 p	2016 £'000	2016 p
Revenue return	18,899	12.55	18,293	12.11
Capital return	47,108	31.28	(61,990)	(41.05)
Total return	**66,007**	**43.83**	**(43,697)**	**(28.94)**
Weighted average number of Ordinary shares in issue		**150,619,769**		**151,006,187**

10. Investments: listed at fair value through profit or loss	Listed 2017 £'000	Listed 2016 £'000
Opening fair value	436,012	462,444
Opening investment holding gains	(58,984)	(123,861)
Opening book cost	377,028	338,583
Purchases at cost	68,564	71,868
Sales – proceeds	(84,624)	(39,121)
Sales – realised gains[A]	8,305	5,698
Closing book cost	369,273	377,028
Closing investment holdings gains	101,391	58,984
Closing fair value	**470,664**	**436,012**

Gains/(losses) on investments	2017 £'000	2016 £'000
Realised gains on sales[A]	8,305	5,698
Change in investment holdings gains	42,407	(64,878)
	50,712	**(59,180)**

[A] Includes losses realised on the exercise of traded options of £669,000 (2016 – £1,633,000). Premiums received of £1,720,000 (2016 – £1,751,000) are included within income per note 3.

Transaction costs

During the year 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 Statement of Comprehensive Income. The total costs were as follows:

	2017 £'000	2016 £'000
Purchases	271	169
Sales	55	27
	326	**196**

Stock lending	2017 £'000	2016 £'000
Aggregate value of securities on loan at the year end	4,165	–
Maximum aggregate value of securities on loan during the year	54,048	–
Fee income from stock lending	12	–

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

All stocks lent under these arrangements are fully secured by collateral. The value of the collateral held at 31 January 2017 was £4,712,000 (2016 – £nil).

11. Debtors: amounts falling due within one year	2017 £'000	2016 £'000
Net dividends and interest receivable	1,037	1,087
Tax recoverable	445	399
Amounts due from stockbrokers	5,527	–
Other loans and receivables	21	27
	7,030	**1,513**

Notes to the Financial Statements continued

12.	Creditors: amounts falling due within one year	2017	2016
(a)	**Bank loan**	**£'000**	**£'000**
	EUR 6,100,000 – 15 February 2016	–	4,653
	GBP 6,000,000 – 15 February 2016	–	6,000
	EUR 13,100,000 – 13 February 2017	11,253	–
		11,253	**10,653**

The Company has a multi–currency revolving facility agreement (which expires 15 July 2018) with Scotiabank for up to £25,000,000. At 31 January 2017 €13,100,000 had been drawn down at a rate of 0.8% (2016 – €6,100,000 at a rate of 0.8% and £6,000,000 at a rate of 1.31069%), which matured on 13 February 2017. At the date this Report was approved €13,100,000 had been drawn down at a rate of 0.8%, maturing on 13 April 2017. The terms of the loan facility contain covenants that the adjusted asset coverage is not be less than 4.00 to 1.00 and that the minimum net assets of the Company are £200 million.

		2017	2016
(b)	**Other creditors**	**£'000**	**£'000**
	Debenture Stock, Loan Notes and bank loan interest	750	750
	Sundry creditors	253	378
		1,003	**1,128**

13. Creditors: amounts falling due after more than one year	2017 £'000	2016 £'000
7⅞% Debenture Stock 2019 (issued in 1997)	28,600	28,600
Unamortised Debenture Stock premium and issue expenses	(29)	(42)
Amortised cost of Debenture Stock	28,571	28,558
3.99% Loan Notes 2045 (issued in 2015)	30,000	30,000
Unamortised Loan Note issue expenses	(295)	(287)
Amortised cost of Loan Notes	29,705	29,713
Total	**58,276**	**58,271**

The 7⅞% Debenture Stock is due to be redeemed at par on 30 April 2019 and interest is payable in half-yearly instalments in April and October. The Debenture Stock is secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Debenture Stock Trust Deed that total borrowings should not be greater than adjusted capital and reserves throughout the year and up to the date this Report was signed.

The 3.99% Loan Notes are due to be redeemed at par on 8 December 2045 and interest is payable in half-yearly instalments in June and December. The Loan Notes are secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Loan Note Trust Deed that total net borrowings (ie. after the deduction of cash balances) should not exceed 33% of the Net Asset Value and that the Net Asset Value should not be less than £200 million.

The fair value of the Debenture Stock as at 31 January 2017 was £32,547,000 (2016 – £33,578,000), the value being calculated per the disclosure in note 17. The effect on the net asset value of deducting the Debenture Stock at fair value rather than at par is disclosed in note 16.

The fair value of the Loan Notes as at 31 January 2017 was £34,637,000 (2016 – £34,132,000), the value being calculated per the disclosure in note 17. The effect on the net asset value of deducting the Loan Notes at fair value rather than at par is disclosed in note 16.

14. Called-up share capital	2017 £'000	2016 £'000
Allotted, called up and fully paid:		
150,512,687 (2016 – 151,006,187) Ordinary shares of 25p each – equity	37,628	37,751
Treasury shares:		
3,165,248 (2016 – 2,671,748) Ordinary shares of 25p each – equity	791	668
	38,419	**38,419**

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

During the year the Company repurchased 493,500 Ordinary shares (2016 – nil) at a cost of £1,059,000 including expenses (2016 – nil). All of these shares were placed in treasury. No treasury shares were cancelled during the year (2016 – nil).

Since the year end 280,010 Ordinary shares of 25p each have been purchased by the Company at a total cost of £701,000. These are held in treasury.

15. Analysis of changes in financing during the year	2017 Equity share capital (including premium) 2017 £'000	Loan Notes 2017 £'000	Debenture stock 2017 £'000	2016 Equity share capital (including premium) 2016 £'000	Loan Notes 2016 £'000	Debenture stock 2016 £'000
Opening balance at 31 January 2016	43,038	29,713	28,558	43,038	–	28,545
Loan Notes issue expenses	–	(18)	–	–	–	–
Loan Notes issued in the period	–	–	–	–	29,711	–
Movement in unamortised Debenture Stock discount and issue expenses	–	–	13	–	–	13
Movement in unamortised Loan Notes issue expenses	–	10	–	–	2	–
Closing balance at 31 January 2017	**43,038**	**29,705**	**28,571**	**43,038**	**29,713**	**28,558**

16. Net asset value per share

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 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 year end, adjusted to reflect the deduction of the Debenture Stock and Loan Notes at par. A reconciliation between the two sets of figures is as follows:

	2017	2016
Net assets attributable (£'000)	**415,810**	**368,041**
Number of Ordinary shares in issue at year end[A]	**150,512,687**	**151,006,187**
Net asset value per Ordinary share	**276.26p**	**243.73p**

[A] Excluding shares held in treasury.

Adjusted net assets	2017	2016
Net assets attributable (£'000) as above	415,810	368,041
Unamortised Debenture Stock premium and issue expenses (note 13)	(29)	(42)
Unamortised Loan Note issue expenses (note 13)	(295)	(287)
Adjusted net assets attributable (£'000)	**415,486**	**367,712**
Number of Ordinary shares in issue at year end[A]	**150,512,687**	**151,006,187**
Adjusted net asset value per Ordinary share	**276.05p**	**243.51p**

[A] Excluding shares held in treasury.

The movements during the year of the adjusted net assets attributable to the Ordinary shares were as follows:

	2017 £'000	2016 £'000
Opening adjusted net assets	367,712	428,647
Capital return for the year	47,108	(61,990)
Revenue on ordinary activities after taxation	18,899	18,293
Dividends appropriated in the year	(17,179)	(16,964)
Movement in unamortised Loan Notes issue expenses	(8)	(287)
Movement in unamortised Debenture Stock premium and issue expenses	13	13
Buyback of Ordinary shares for treasury	(1,059)	–
Closing adjusted net assets	**415,486**	**367,712**

17. Financial instruments and risk management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of option contracts for the purpose of generating income and futures/options for hedging market exposures.

During the year, the Company entered into certain options contracts for the purpose of generating income. Positions closed during the year realised a loss of £669,000 (2016 – £1,633,000). As disclosed in note 3, the premium received and fair value changes in respect of options written in the year was £1,720,000 (2016 – £1,751,000). The largest position in derivative contracts held during the year at any given time was £900,000 (2016 – £611,000). The Company had no open positions in derivative contracts at 31 January 2017 (2016 – none).

The Board relies on Aberdeen Fund Managers Limited ("AFML" or the "Manager") for the provision of risk management activities under the terms of its management agreement with AFML (further details of which are included under note 3). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors on the grounds that they are not considered to be material.

The Company's Manager has an independent Investment Risk department for reviewing the investment risk parameters of all core equity, fixed income and alternative asset classes on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Risk management framework

The directors of AFML collectively assume responsibility for AFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

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

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

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

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

Risk Management

The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Aberdeen Group's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market risk

Market risk comprises three elements – interest rate risk, currency risk and price risk.

Interest rate risk

Interest rate movements may affect:

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

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. Details of borrowings at 31 January 2017 are shown in notes 12 and 13.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Statement of Financial Position date was as follows:

At 31 January 2017	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	14.57	6.54	29,462	8,648
Total assets	–	–	**29,462**	**8,648**
Liabilities				
Bank loans	0.08	0.80	(11,253)	–
Loan Notes	28.83	3.99	(29,705)	–
Debenture Stock	2.25	7.87	(28,571)	–
Total liabilities	–	–	**(69,529)**	–

The weighted average period for which interest rates are fixed in relation to the Company's fixed interest portfolio, at 14.57 years, extends significantly beyond the maturity date of the 7⅞% Debenture Stock, which matures on 30 April 2019. This is due to the large number of perpetual holdings within that portfolio which have call dates around the time of the maturity of the Debenture.

At 31 January 2016	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	22.50	6.58	28,777	568
Total assets	–	–	**28,777**	**568**
Liabilities				
Bank loans	0.08	1.09	(10,653)	–
Loan Notes	29.85	3.99	(29,713)	–
Debenture Stock	3.25	7.87	(28,558)	–
Total liabilities	–	–	**(68,924)**	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Company's borrowings are shown in notes 12 and 13 to the financial statements.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The Company's equity portfolio and short-term debtors and creditors (excluding bank loans) have been excluded from the above tables. All financial liabilities are measured at amortised cost.

Interest rate sensitivity

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

Foreign currency risk

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

Management of the risk

It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. A proportion of the Company's borrowings, as detailed in note 12, is in foreign currency as at 31 January 2017. The revenue account is subject to currency fluctuations arising on dividends received in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 January 2017			31 January 2016		
	Investments £'000	Net monetary assets £'000	Total currency exposure £'000	Investments £'000	Net monetary assets £'000	Total currency exposure £'000
Euro	33,656	(5,526)	28,130	33,637	(4,373)	29,264
Swiss Francs	27,535	260	27,795	29,462	139	29,601
Danish Krone	2,514	–	2,514	–	–	–
Sterling	406,959	(49,588)	357,371	372,913	(63,737)	309,176
Total	**470,664**	**(54,854)**	**415,810**	**436,012**	**(67,971)**	**368,041**

The asset allocation between specific markets can vary from time to time based on the Manager's opinion of the attractiveness of the individual stocks in these markets.

Foreign currency sensitivity

There is no sensitivity analysis included as the Board believes the amount exposed to foreign currency denominated monetary assets to be immaterial. Where the Company's equity investments (which are non-monetary items) are priced in a foreign currency, they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Price risk

Price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments and traded options.

Management of the risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular company or sector. Both the allocation of assets and the stock selection process, as detailed on page 9, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges in the UK and Europe.

Price risk sensitivity

If market prices at the Statement of Financial Position date had been 10% higher while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2017 would have increased by £47,066,000 (2016 – increase of £43,601,000) and equity reserves would have increased by the same amount. Had market prices been 10% lower the converse would apply.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise Debenture Stock, Loan Notes and a revolving facility. The Debenture Stock and Loan Notes provide secure long-term funding while short term flexibility is achieved through the borrowing facility. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of less than 30% at all times. Details of borrowings at 31 January 2017 are shown in notes 12 and 13.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and listed securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities, details of which can be found in note 12. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the interest rate risk section of this note.

Liquidity risk exposure

At 31 January 2017 and 31 January 2016 the amortised cost of the Company's Debenture Stock was £28,571,000 and £28,558,000 respectively. This is due to be redeemed at par on 30 April 2019. At 31 January 2017 and 31 January 2016 the amortised cost of the Company's Loan Notes was £29,705,000 and £29,713,000 respectively. At 31 January 2017 and 31 January 2016 the Company's bank loans amounted to £11,253,000 and £10,653,000 respectively. The facility is committed until 15 July 2018.

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Management of the risk

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Aberdeen Group's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Aberdeen Group's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;
- the risk of counterparty exposure due to stock lending is mitigated by the review of collateral positions provided daily by the various counterparties involved;
- cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

The Company participates in stock lending activities. Under the terms of the stock lending agreement, all loans are backed by collateral (cash, near cash, government and public securities, certificates of deposit, letter of credit and UK equities) equal to or greater than 105% of the market value (as calculated daily on each business day) of the securities on loan.

There are internal exposure limits to cash balances placed with counterparties. The credit worthiness of counterparties is also reviewed on a regular basis.

With the exception of securities on loan referred to in note 9, none of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk exposure

In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 31 January was as follows:

	2017		2016	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments at fair value through profit or loss	470,664	29,462	436,012	28,777
Current assets				
Cash and short term deposits	8,648	8,648	568	568
	479,312	**38,110**	**436,580**	**29,345**

None of the Company's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £78,437,000 as at 31 January 2017 (2016 – £78,363,000) compared to an accounts value in the financial statements of £69,853,000 (2016 – £69,253,000) (notes 12 and 13). The fair value of each loan is 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 and currency. All other assets and liabilities of the Company are included in the Statement of Financial Position at fair value.

18. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. 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 Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

Notes to the Financial Statements continued

As at 31 January 2017	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	441,202	–	–	441,202
Quoted bonds	b)	–	29,462	–	29,462
Total		**441,202**	**29,462**	**–**	**470,664**

As at 31 January 2016		Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	407,235	–	–	407,235
Quoted bonds	b)	–	28,777	–	28,777
Total		**407,235**	**28,777**	**–**	**436,012**

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 Levels 2 are Corporate Bonds. Investments categorised as Level 2 are not considered to trade in active markets.

19. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the return to its equity shareholders through an appropriate balance of equity capital and debt.

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Board monitors and reviews the broad structure of the Company's capital. This review includes the nature and planned level of gearing, which takes account of the Manager's views on future expected returns and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company is not subject to any externally imposed capital requirements.

20. Related party transactions and transactions with the Manager

Directors' fees and interests

Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on page 39.

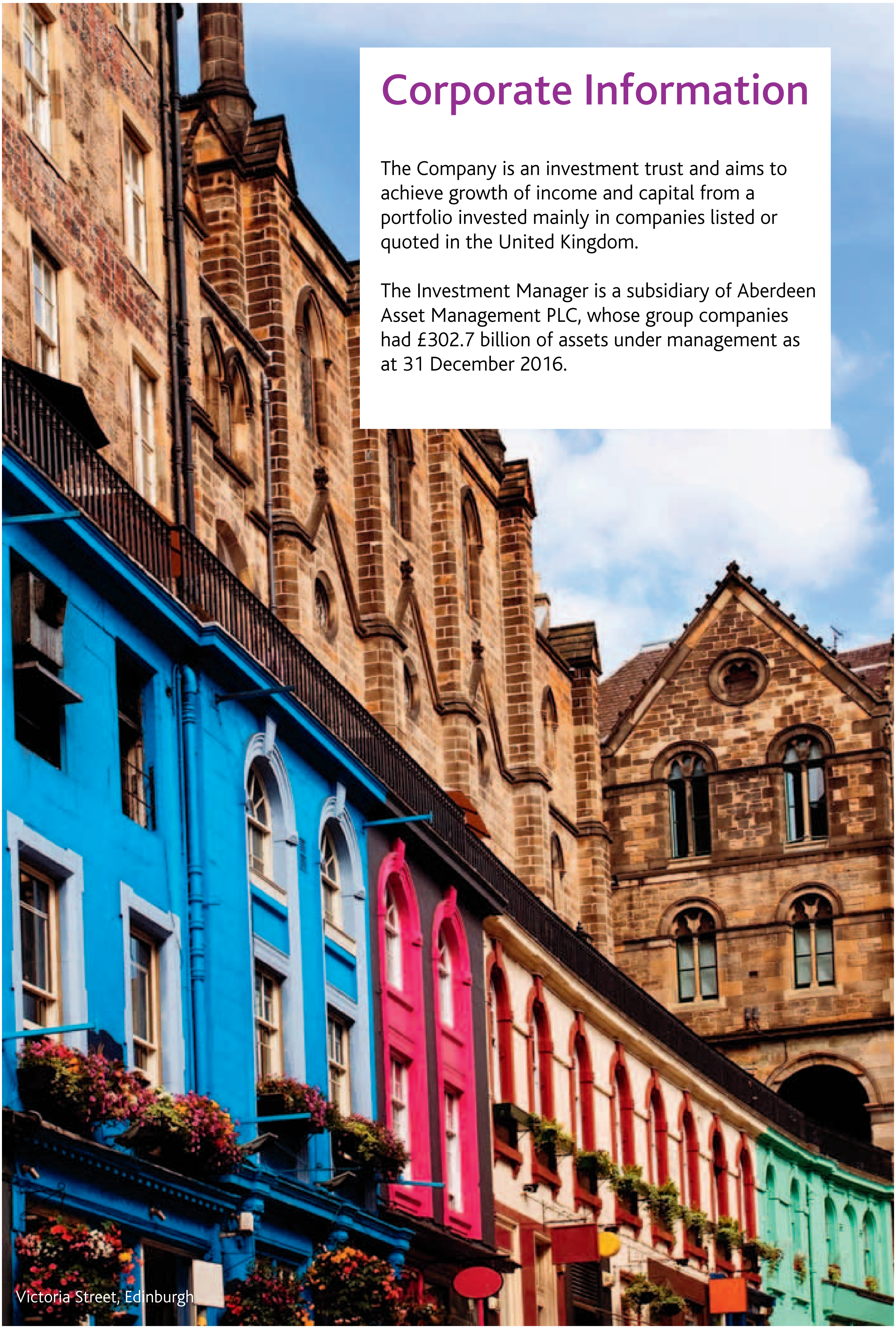
Transactions with the Manager

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

Corporate Information

The Company is an investment trust and aims to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom.

The Investment Manager is a subsidiary of Aberdeen Asset Management PLC, whose group companies had £302.7 billion of assets under management as at 31 December 2016.



Victoria Street, Edinburgh

Information about the Investment Manager

Aberdeen Asset Managers Limited

The Company's Investment Manager is Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, whose group companies had £302.7 billion of assets under management as at 31 December 2016. Aberdeen Asset Management PLC manages assets on behalf of a wide range of clients including more than 95 investment trusts and other closed-ended funds, which have combined total assets of £17.4 billion.

Aberdeen Asset Management PLC has its headquarters in Aberdeen with its main investment centres in Bangkok, Budapest, Edinburgh, Hong Kong, Jersey, Kuala Lumpur, London, Paris, Philadelphia, Singapore, Sydney and Tokyo.

Aberdeen Asset Management PLC currently manages £83.1 billion of equities globally. As part of this, the Pan-European team oversees £4.3 billion of UK equities and £1.4 billion of European (ex-UK) equities.

The Investment Team Senior Managers

Ben Ritchie

Head of UK and European Equities

Ben is Head of UK and European Equities on AAM's Pan European equities team and joined AAM in 2002 as a graduate trainee. Ben has a BA (Hons) in Modern History and Politics from Pembroke College, University of Oxford, and is a CFA charterholder.

Louise Kernohan

Senior Investment Manager

Louise is a Senior Investment Manager on the Pan European equities team, having joined Aberdeen via the acquisition of Deutsche Asset Management businesses in 2005. Louise graduated with a BSc (Hons) in Mathematics, Physics and Philosophy and an MA in Management from the University of Durham and is a CFA Charterholder.

The Investment Process

Philosophy and Style

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

Risk Controls

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

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

Investor Information

Pre-investment Disclosure Document ("PIDD")

The AIFMD requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Dunedin Income Growth Investment Trust PLC, 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. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 78.

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

Aberdeen Group 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 Aberdeen Asset Management or for third party firms. Aberdeen Group 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 Group and any third party making such offers/claims has no link with Aberdeen Group.

Aberdeen Group 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

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 Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA.

Aberdeen's Investment Plan for Children

Aberdeen runs 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 AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen's Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) 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 AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £20,000 can be made in the 2017/2018 tax year.

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 Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Dividend Tax Allowance

There is currently an annual £5,000 tax-free allowance on dividend income. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their

Investor Information continued

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.

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website and the TrustNet website (trustnet.com). Alternatively you can call 0808 500 0040 (free when dialing from a UK landline) for trust information.

If you have any questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (direct private investors) on 0808 500 0040. Alternatively, internet users may email AAM at inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Company's Registrars

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephoning on 0371 384 2441. Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls may be recorded and monitored randomly for security and training purposes.

Changes of address must be notified to the registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, Dunedin Income Growth Investment Trust PLC, 40 Princes Street, Edinburgh EH2 2BY or by emailing company.secretary@aberdeen-asset.com.

Website

Further information on the Company can be found on its own dedicated website: dunedinincomegrowth.co.uk. This allows internet users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

Literature Request Service

For literature and application forms for the Company and the Aberdeen Group's investment trust products, please contact:

Telephone: 0808 500 0040
Website: invtrusts.co.uk/en/investmenttrusts/literature-library

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trust Administration

PO Box 11020
Chelmsford
Essex CM99 2DB
Telephone: 0808 500 0040
(free when dialing from a UK landline)

Terms and conditions for the AAM managed savings products can also be found under the literature section of invtrusts.co.uk.

Online Dealing Details

Investor information

There are a number of other ways in which you can buy and hold shares in this 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. Some well-known online providers, which can be found through internet search engines, include:

- AJ Bell You Invest
- Alliance Trust Savings
- Barclays Stockbrokers
- Charles Stanley Direct
- Halifax Share Dealing
- Hargreave Hale
- Hargreaves Lansdown
- Idealing
- Interactive Investor
- Selftrade Equiniti
- The Share Centre
- Stocktrade
- TD Direct

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 Wealth Management Association at thewma.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:
Tel: 0800 111 6768 or at fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.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 income and capital growth 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, and intends to continue to do so for the foreseeable future, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments ("NMPIs").

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products 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 71 to 73 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.

Glossary of Terms and Definitions

Aberdeen, Aberdeen Group or AAM	Aberdeen Asset Management PLC group of companies.
AIC	The Association of Investment Companies.
AIFMD	The Alternative Investment Fund Managers Directive - The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.
Benchmark	This is a measure against which an Investment Trust's performance is compared. The Company's benchmark is the FTSE All-Share Index. The index averages the performance of a defined selection of listed companies over specific time periods.
Call Option	An option contract which gives the buyer the right, but not the obligation, to purchase a specified amount of an asset at the strike price by a future specified date.
Closed-End Fund	A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.
Discount	The amount by which the market price per share of an Investment Trust is lower than the Net Asset Value per share. The discount is normally expressed as a percentage of the Net Asset Value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
FCA	Financial Conduct Authority.
Gearing	Net gearing is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.
Investment Manager or AAML	Aberdeen Asset Managers Limited is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the Company's investment manager. It is authorised and regulated by the FCA.
Investment Trust	A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.
Leverage	For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its Net Asset Value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.
Manager, AIFM or AFML	Aberdeen Fund Managers Limited is a wholly owned subsidiary of Aberdeen Asset Management PLC and acts as the Alternative Investment Fund Manager for the Company. It is authorised and regulated by the FCA.
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The Net Asset Value divided by the number of shares in issue produces the Net Asset Value per share.

Net assets with debt at market value		£'000	31 January 2017 £'000	£'000	31 January 2016 £'000
Net assets per Statement of Financial Position (page 50)			415,810		368,041
Add:	Amortised cost of 7⅞% Debenture Stock 2019 (note 13)	28,571		28,558	
	Amortised cost of 3.99% Loan Notes 2045 (note 13)	29,705	58,276	29,713	58,271
Less:	Market value of 7⅞% Debenture Stock 2019	(32,547)		(33,578)	
	Market value of 3.99% Loan Notes 2045	(34,637)	(67,184)	(34,132)	(67,710)
Net assets with debt at market value			406,902		358,602
Net asset value per Ordinary share with debt at market value					
Net assets with debt at market value (per above, £'000)			406,902		358,602
Number of Ordinary shares in issue at year end			150,512,687		151,006,187
Net asset value per Ordinary share with debt at market value			270.34p		237.48p

Ongoing Charges

Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.

Premium

The amount by which the market price per share of an Investment Trust exceeds the Net Asset Value per share. The premium is normally expressed as a percentage of the Net Asset Value per share.

Price/Earnings Ratio

The ratio is calculated by dividing the market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges

The name given to all borrowings including debentures, loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets

Total Assets as per the balance sheet less current liabilities (before deducting Prior Charge as defined above).

Total Return

Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned. The following dividend reinvestment data has been used:

Ex Dividend Date	Dividend Rate (p)	NAV (p)	Share Price (p)
4 February 2016	2.575	226.02	210.00
5 May 2016	3.675	234.76	211.50
4 August 2016	2.575	266.15	244.75
3 November 2016	2.575	262.39	232.25

Your Company's History

Dunedin Income Growth Investment Trust PLC – a History

The provenance of Dunedin Income Growth Investment Trust PLC goes back to 1873 and to the origins of the investment trust industry in Scotland. In 1873, a 28 year old Robert Fleming (sometimes dubbed the "father of the investment trust industry"), persuaded a group of Dundee's wealthiest investors to back his idea of forming "the first Association in Scotland for investments in American railroad bonds, carefully selected and widely distributed, and where investments would not exceed one-tenth of the capital in any one security". Fleming, who was later founder of the merchant bank that bore this name, showed extraordinary commercial acumen at a very young age. He was born in modest circumstances in Dundee and was first apprenticed as office boy at 13, then rose to become, at 21, book-keeper with the exporting arm of Dundee's largest textile merchant, Edward Baxter & Son.

In 1870, the elderly Mr Baxter sent Robert Fleming to the United States to represent him on business. Fleming returned enthused about the investment opportunities offered by the States, despite the country still suffering from the aftermath of the American Civil War. The "association" proved to be an attractive means for investors to pool their resources, spread risk and put their investments under full-time management. The new fund, then known as The Scottish American Investment Trust, was launched on 1 February 1873. The Scottish American Investment Trust was partly modelled on the Foreign & Colonial Government Trust that was launched in 1868. Unlike Foreign & Colonial, which purchased overseas government stocks, the new trust would invest in "The Bonds of States, cities, railroads and other corporations in the US, but chiefly in the mortgage bonds of railroads". John Guild, one of the chairmen, reported "while in this country you could not lend money on first-class railway debentures at over 4% or 4.5%, in America you could get 7% with the best security of this description". Coupled with the fact that railway infrastructure development in the UK had by then become relatively mature, it was for this reason that the United States was an attractive destination for Scottish funds.

The original prospectus described the intended issue of £150,000 in certificates of £100 each, paying interest of 6% per annum. Such was the level of demand that the original prospectus was withdrawn and a new one was printed with a capital issue of £300,000. The trust started out with 30 stocks, each comprising no more than 10% of the portfolio. Confusingly, a similar sounding investment trust company, launched in Edinburgh, The Scottish American Investment Company was formed in April 1873, just a few months after Fleming's launch in February 1873. In Dundee, two almost identical issues were made in the following two years, described as the "Second Issue" and "Third Issue". The three issues became three separate trust companies, under the Joint Stock Companies Act, in 1879 – the First, Second and Third Scottish American Trust Companies Ltd, but merged into a single trust company in 1969 as The First Scottish American Trust Company Ltd.

In 1984, the First Scottish became part of the Dunedin Fund Managers' stable of trusts and was subsequently renamed in 1990 as Dunedin Income Growth Investment Trust. Dunedin Fund Managers merged with Edinburgh Fund Managers in 1996, which was then acquired by Aberdeen Asset Management in 2003.

Share Capital History

Issued Share Capital at 31 January 2017

150,512,687	Ordinary shares of 25p (153,677,935 including treasury shares)

Treasury Shares at 31 January 2017

3,165,248	Ordinary shares

Name Change

April 1990	Company name changed from "The First Scottish American Trust PLC" to Dunedin Income Growth Investment Trust PLC

Share Capital History

April 1997	Capitalisation issue of four Ordinary shares of 25p issued for each existing Ordinary share
April 1999	Reduction of share capital by way of repayment of £840,000 of 3 ½% Preference stock
Year ended 31 January 2004	50,000 Ordinary shares purchased for cancellation
Year ended 31 January 2005	1,950,000 Ordinary shares purchased for cancellation
Year ended 31 January 2006	450,000 Ordinary shares purchased for cancellation and 450,000 Ordinary shares purchased to hold in treasury.
Year ended 31 January 2007	3,231,101 Ordinary shares purchased to hold in treasury
Year ended 31 January 2008	2,237,440 Ordinary shares purchased to hold in treasury, 1,972,800 treasury shares cancelled
Year ended 31 January 2009	1,026,007 Ordinary shares purchased to hold in treasury, 2,000,000 treasury shares cancelled
Year ended 31 January 2010	No shares purchased, cancelled or issued
Year ended 31 January 2011	No shares purchased, cancelled or issued
Year ended 31 January 2012	No shares purchased, cancelled or issued
Year ended 31 January 2013	No shares purchased, cancelled or issued
Year ended 31 January 2014	300,000 shares sold from treasury
Year ended 31 January 2015	No shares purchased, cancelled or issued
Year ended 31 January 2016	No shares purchased, cancelled or issued
Year ended 31 January 2017	493,500 Ordinary shares purchased to hold in treasury

AIFMD Disclosures (Unaudited)

Aberdeen Fund Managers Limited and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website.

There have been no material changes to the disclosures contained within the PIDD since its most recent update in April 2016.

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

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report, note 17 to the financial statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AFML; and
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretary, Aberdeen Asset Management PLC, on request, and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 30 September 2016 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 January 2017	1.13:1	1.15:1

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

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

Securities Financing Transactions Disclosure

Securities Financing Transactions Disclosure

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

Absolute value of assets engaged in SFTs	£'000	% of lendable assets	% of assets under management
31 January 2017			
Securities lending	**4,165**	**0.88%**	**1.00%**

Top ten collateral issuers	Market value of collateral received £'000	Type	Quality	Custodian
31 January 2017				
Hammerson PLC	4,712	Equity	Main market listing	BNP Paribas
Total collateral received	**4,712**			

All Issuers are shown.

Collateral held per custodian	Market value of collateral held £'000	Proportion held in segregated accounts %
31 January 2017		
BNP Paribas	**4,712**	**100.00%**

One custodian is used to hold the collateral which is in segregated accounts.

Collateral analysed by currency	Market value of collateral received £'000
31 January 2017	
US Dollar	4,712
Total collateral received	**4,712**

Top ten counterparties per type of SFT	Market value of securities lending £'000	Countries of counterparty establishment	Settlement and clearing
31 January 2017			
Securities lending			
Deutsche Bank	4,165	Germany	Tri-party
Total market value of securities lending	**4,165**		

All counterparties are shown.

Securities Financing Transactions Disclosure continued

Maturity tenor of SFTs (remaining period to maturity)
31 January 2017
The lending and collateral transactions are on an open basis and can be recalled on demand.
The Company does not engage in any re-use of collateral.

Return and cost per type of SFT	£'000	%
For the year ended 31 January 2017		
Securities lending		
Gross return	15	125.00
Direct operational costs (securities lending agent costs)[A]	(3)	(25.00)
Indirect operational costs (Investment Adviser operational costs)	–	–
Total costs	(3)	(25.00)
Net return	**12**	**100.00**

[A]The unrounded direct operational costs and fees incurred for securities lending for the 12 months to 31 January 2017 is £2,907.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Dunedin Income Growth Investment Trust PLC (the "Company") will be held at 40 Princes Street, Edinburgh EH2 2BY on Tuesday, 23 May 2017 at 12 noon, for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive the reports of the Directors and auditor and the financial statements for the year ended 31 January 2017.
2. To receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy).
3. To approve the Directors' Remuneration Policy.
4. To approve a final dividend of 3.975p per Ordinary share.
5. To re-elect Ms Catherine Claydon as a Director of the Company.
6. To re-elect Mr John Carson as a Director of the Company.
7. To appoint Deloitte LLP as auditor of the Company.
8. To authorise the Directors to determine the remuneration of the auditor for the year to 31 January 2018.
9. That, in substitution for any existing authority under Section 551 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "relevant securities") up to an aggregate nominal amount of £12,518,137 or, if less, the number representing 33.33% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution provided that such authorisation expires (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or on 31 July 2018 (whichever is earlier) save that the Company may, at any time prior to the expiry of such authority, make offers or agreements which would or might require such relevant securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

To consider and, if thought fit, pass the following as special resolutions:

10. That, subject to the passing of resolution number 9 set out above and in substitution for any existing power under Sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution number 9 or by way of a sale of treasury shares (within the meaning of Section 560(3) of the Act) as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
    (i) (otherwise than pursuant to sub-paragraph (ii) below) up to an aggregate nominal value of £1,877,908 or, if less, the number representing 5% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution; and
    (ii) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of Ordinary shares held by them on a record date fixed by the Directors (subject to such exclusions, limitations, restrictions or other arrangements as the Directors consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever);

    and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or on 31 July 2018 (whichever is earlier), save that the Company may, at any time prior to the expiry of such authority, make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.
11. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, for the purposes of Section 701 of the Act to make one or more market

purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") on such terms as the Directors of the Company think fit provided that:

(i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be 22,519,878 Ordinary shares or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;

(ii) the minimum price which may be paid for an Ordinary share shall be 25p (exclusive of expenses);

(iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:

  (a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and

  (b) the higher of the price of the last independent trade in Ordinary shares and the highest current independent bid for Ordinary shares on the London Stock Exchange; and

(iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or on 31 July 2018 (whichever is the earlier) save that the Company may at any time prior to such expiry, enter into a contract or arrangement to purchase Ordinary shares under this authority which will or might be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares pursuant to any such contract or arrangement.

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
40 Princes Street
Edinburgh EH2 2BY
30 March 2017

Registered Office
40 Princes Street
Edinburgh EH2 2BY

Notes:

(i) A member entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise the rights attached to any one share. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Equiniti Limited on 0371 384 2441 (charges for calling this number are determined by the caller's service provider. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday), tel international +44 (0)121 415 7047. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he/she is the holder.

(ii) A form of proxy is enclosed. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting.

(iii) The return of a completed proxy form or other such instrument of proxy will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(viii) The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

(ix) The right to vote at a meeting is determined by reference to the Company's register of members as at 6.30 p.m. on 19 May 2017 or if this meeting is adjourned, at 6.30 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.

(x) As at 30 March 2017 (being the latest practicable date prior to the publication of this document) the Company's issued share capital comprised 150,232,677 Ordinary shares of 25p each and 3,445,258 treasury shares. Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 March 2017 was 150,232,677.

(xi) Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his/her proxy will need to ensure that both he/she and his/her proxy complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

(xii) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) to (iii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(xiii) Biographical details of the Directors standing for election and re-election are set out on pages 31 to 33 of this report.

(xiv) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of

Notice of Annual General Meeting continued

serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xv) Members should note that, it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

(xvi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xvii) Information regarding the Annual General Meeting is available from the Company's website, dunedinincomegrowth.co.uk.

(xviii) Pursuant to Section 319A of the Companies Act 2006, any shareholder has the right to put questions at the meeting relating to business being dealt with at the meeting.

Contact Addresses

Directors
David Barron
John Carson
Catherine Claydon
Jasper Judd
Elisabeth Scott

Registered Office & Company Secretary
Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

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

Investment Manager
Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh EH2 2BY

Aberdeen Customer Services Department, Children's Plan, Share Plan and ISA Enquiries
Aberdeen 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.)
Email: inv.trusts@aberdeen-asset.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 bank holidays. 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
BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Stockbroker
JPMorgan Cazenove
25 Bank Street
London E14 5JP

Auditor
KPMG LLP
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

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

Legal Entity Identifier ("LEI")
549300PPXLZPR5JTL763

Aberdeen