Murray International Trust PLC

A high conviction global portfolio designed to deliver a strong and rising income and to grow capital

Annual Report
31 December 2021

murray-intl.co.uk

Glasgow's Finnieston Crane, a symbol of the city's industrial heritage. The Company's roots can be traced back to Glasgow's thriving industrial and shipbuilding-based economy

"Your Board is recommending an increased final dividend of 19.0p per share (2020: final dividend of 18.5p). If approved at the Annual General Meeting, this final dividend will be paid on 18 May 2022 to shareholders on the register on 8 April 2022 (ex dividend 7 April 2022)."

David Hardie,
Chairman

"The NAV total return for the year to 31 December 2021 with net dividends reinvested was 14.1%... Over the full financial year, the double-digit total return on gross assets was comfortably ahead of inflation."

Bruce Stout,
Aberdeen Asset Managers Limited

Performance Highlights

Net asset value total return[AB] – 2021
+14.1%
2020 +0.9%

Share price total return[AB] – 2021
+7.2%
2020 –5.3%

Reference Index total return[BC] – 2021
+20.0%
2020 +7.0%

Discount to net asset value[AD] – 2021
–6.8%
2020 –0.7%

Dividends per share[BE] – 2021
55.0p
2020 54.5p

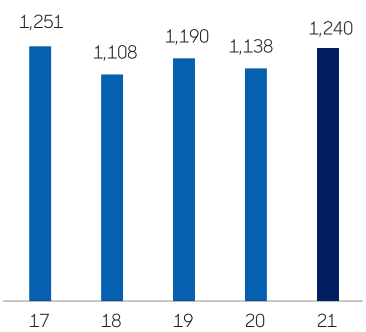
Revenue return per share[B] – 2021
51.7p
2020 46.6p

Retail Prices Index[B] – 2021
7.5%
2020 1.2%

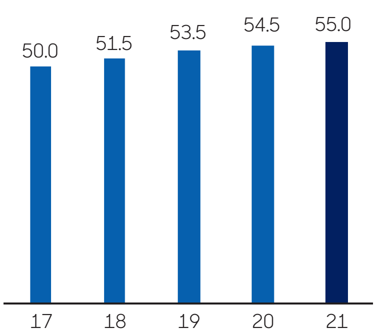
Ongoing charges ratio[AD]
0.59%
2020 0.68%

[A] Alternative Performance Measure (see pages 102 to 104).
[B] For the year to 31 December.
[C] Reference Index comprising 60% FTSE World ex UK Index/40% FTSE World UK Index up to April 2020 and 100% FTSE All World TR Index from May 2020.
[D] As at 31 December.
[E] Dividends declared for the year in which they were earned.

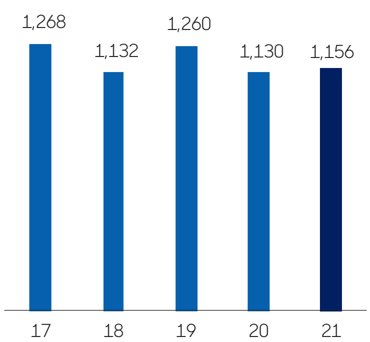
Net asset value per share
At 31 December – pence



Dividends per share
Year ended 31 December – pence



Mid-Market price per share
At 31 December – pence



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION*. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Murray International Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.*

Financial Calendar

Payment dates of quarterly dividends	**18 May 2022** **16 August 2022** **18 November 2022** **18 February 2023**
Financial year end	**31 December**
Online Shareholder Presentation	**Thursday 7 April 2022 at 11.00 a.m.**
Annual General Meeting (London)	**Friday 22 April 2022 at 12:30 p.m.**

Dividends

	Rate	Ex-dividend date	Record date	Payment date
1st interim	12.0p	1 July 2021	2 July 2021	16 August 2021
2nd interim	12.0p	7 October 2021	8 October 2021	19 November 2021
3rd interim	12.0p	6 January 2022	7 January 2022	18 February 2022
Proposed final	19.0p	7 April 2022	8 April 2022	18 May 2022
Total dividends	**55.0p**			

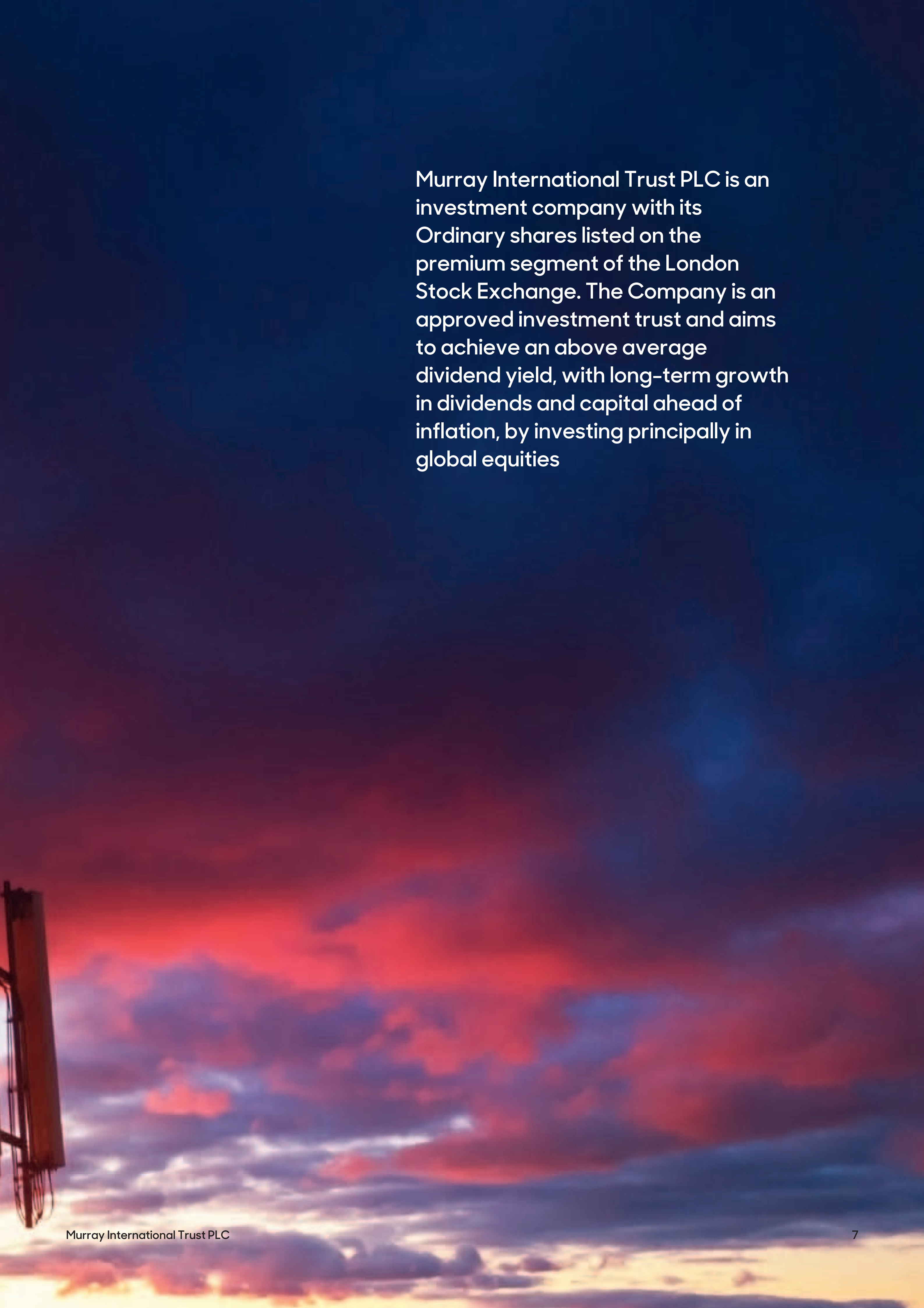
Financial Highlights

	31 December 2021	31 December 2020	% change
Total assets[A]	**£1,760.9m**	£1,661.6m	+6.0
Net assets	**£1,561.1m**	£1,461.8m	+6.8
Market capitalisation	**£1,455.0m**	£1,451.4m	+0.2
Net Asset Value per Ordinary share[B]	**1,240.3p**	1,138.2p	+9.0
Share price per Ordinary share (mid market)[B]	**1,156.0p**	1,130.0p	+2.3
Discount to Net Asset Value per Ordinary share[C]	**–6.8%**	–0.7%	
Net gearing[C]	**12.2%**	13.4%	
Revenue return per share	**51.7p**	46.6p	+10.9
Dividends per share[D]	**55.0p**	54.5p	+0.9
Dividend cover (including proposed final dividend)[C]	**0.94x**	0.86x	
Dividend yield[C]	**4.8%**	4.8%	
Revenue reserves[E]	**£63.0m**	£66.8m	
Ongoing charges ratio[C]	**0.59%**	0.68%	

[A] See definition on page 113.
[B] Capital values.
[C] Considered to be an Alternative Performance Measure as defined on pages 102 to 104.
[D] The figure for dividends per share reflects the years to which their declaration relates (see note 8 on page 86) and assuming approval of the final dividend of 19.0p (2020 – final dividend of 18.5p).
[E] The revenue reserve figure does not take account of the third interim and final dividends amounting to £15,103,000 and £23,833,000 respectively (2020 – third interim dividend of £15,413,000 and final dividend of £23,748,000).

Strategic Report

The Company invests in Verizon, an American multinational telecommunications conglomerate



Murray International Trust PLC is an investment company with its Ordinary shares listed on the premium segment of the London Stock Exchange. The Company is an approved investment trust and aims to achieve an above average dividend yield, with long-term growth in dividends and capital ahead of inflation, by investing principally in global equities

Chairman's Statement

Introduction

It was with great sadness that I wrote to shareholders in August to advise of the death of Simon Fraser, the Company's Chairman, following a short illness. Simon joined the Board in May 2020, initially as a non-executive Director, becoming Chairman in April 2021. Drawing on his wealth of experience in fund management, the investment trust sector and his broader business interests, Simon made a significant contribution to Board discussions during his all too short tenure; he will be greatly missed. As a result, I was appointed interim Chairman in August 2021 and then accepted the Board's invitation in October 2021 to become Chairman of the Company.

Performance

The Company's net asset value ("NAV") posted a total return for the year (i.e. with net income reinvested) of 14.1%. The Company has no benchmark, but this performance compares with a rise over the same period of 7.5% for the UK Retail Price Index and a total return for the Reference Index, the FSTE ALL World TR Index, of 20.0%. The share price posted a lower total return of 7.2%, reflecting the widening of the discount to NAV. Income per share generated from the Company's portfolio increased to 51.7p for the year (2020: 46.6p).

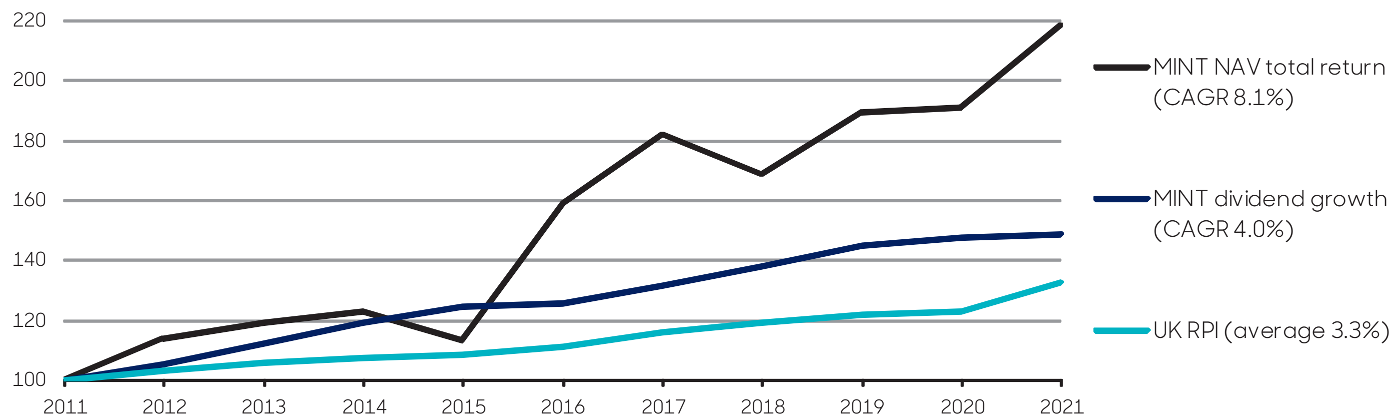
Our investment focus continued to emphasise both geographical and sector diversification across a broad range of quality companies in order to deliver both income and capital growth. Such characteristics tend not to be as heavily represented in the Reference Index where in-favour growth stocks still tend to dominate. For this reason, relative performance over any short time period can and does deviate significantly on a comparative basis.

Economic recovery in the Developed World exceeded expectations and was quickly discounted in the associated equity markets. As for the Developing World, however, progress proved slower often due to the complexities involved with immunisation of predominately large, dispersed populations. Here improvements in fundamentals are more likely to occur this year and beyond. Specific performance highlights of regions, sectors and holdings are discussed further in the Investment Manager's Review.

Against the backdrop of a challenging environment for the Company in recent years, it is useful to step back and to look at the Company's performance versus its investment objective over time; there may be particular points in time when inflation spikes cannot be matched but the chart below indicates that, over the longer term, the Company has been delivering on its investment objective to shareholders.

Comparison of Net Asset Value Total Return and Dividend Growth to Inflation (figures rebased to 100)

Ten years to 31 December 2021



However, in recent years, capital performance has underperformed the Reference Index and, indeed, the Company's peer group; while this is understandable to an extent, given the significant differences between the Company's portfolio and both of these, it has of course been a source of disappointment to the Board.

Accordingly, the Board and Manager have engaged extensively to discuss the Manager's investment style and other factors behind this. These discussions have included topics such as:

- the Manager's focus on high quality companies with strong balance sheets and track records, which have been out of favour more recently but which may be better able to weather market volatility and higher inflationary environments over the longer term;
- the Company's preference to pay its dividends fully from revenue and revenue reserves, rather than seeking to distribute from capital; and
- the Company's high dividend yield, which leads its peers.

It is noteworthy that it is these factors and the Company's ownership of both bonds as well as equities which provide shareholders with a markedly different and, hopefully, attractive opportunity for diversification.

In addition, adverse stock selection has clearly also played a part in the recent underperformance as can be seen from the table on page 13. The Board continues to challenge the Manager to identify investment opportunities with an acceptable yield that also have attractive growth prospects and are able to balance successfully the need for income with the Company's desire to deliver capital growth over time. Recent changes in the portfolio are referred to in the Investment Manager's Review.

Dividends

Three interim dividends of 12.0p per share (2020: three interims of 12.0p) have been declared during the year. Your Board is now recommending an increased final dividend of 19.0p per share (2020: final dividend of 18.5p). If approved at the Annual General Meeting, this final dividend will be paid on 18 May 2022 to shareholders on the register on 8 April 2022 (ex dividend 7 April 2022). If the final dividend is approved, total Ordinary dividends for the year will amount to 55.0p (2020: 54.5p), an increase over the previous year of 0.9% which compares with the 7.5% increase in the Retail Price Index in 2021. The level of increase reflects the fact that the Company already pays a competitively high dividend yield which stood at 4.8% at year end. This represents the 17th year of dividend increases for the Company, which remains an AIC 'Next Generation Dividend Hero'.

As a long-established investment trust, the Company has the benefit of £62.9 million of distributable reserves on its balance sheet at 31 December 2021, which have been accumulated by the Company over many years. The payment of the final dividend, if approved, will use approximately £23.9 million from revenue reserves. This amounts to approximately 36.1% of these reserves and dividend cover at year end was 0.94x (2020: 0.86x). This use of reserves is in line with the policy that we have highlighted to shareholders in previous years. I can confirm that the Board intends to maintain a progressive dividend policy, given the Company's investment objective. This means that, in some years, revenue will be added to reserves while, in others, some revenue may be taken from reserves to supplement earned revenue for that year, in order to pay the annual dividend. Shareholders should not be surprised or concerned by either outcome as, over time, the Company will aim to pay out what the underlying portfolio earns in sterling terms. Currency fluctuations may also have an impact on income and therefore the level of dividend. The Board, however, is maintaining the present policy not to hedge the sterling translation risk of revenue arising from non-UK assets.

Gearing

At the year end, total borrowings amounted to £200 million, representing net gearing (calculated by dividing the total borrowings less cash by shareholders' funds) of 12.2% (2020: 13.4%), all of which is drawn in sterling. In May 2021, the Company extended part of its long-term borrowings by issuing a £50 million 10 year Senior Unsecured Loan Note (the "Loan Note") at an annualised interest rate of 2.24%. The Company used the proceeds of the Loan Note to repay, and cancel in full, the Company's £50 million Revolving Credit Facility, which expired at that time. Under the Loan Note facility, an additional £150 million remains available for drawdown by the Company for a five-year period from its first issue. The Board's current intention is to only draw this down to repay existing debt and the Company is now at an advanced stage in the process of agreeing terms to use £60m of this shelf facility to replace the £60m term loan when it expires in May 2022 and expects to provide an update on this shortly.

Annual General Meeting ("AGM") and Online Presentation

For the second year running, the Company's AGM in 2021 was a functional only AGM due to the pandemic. This was a source of frustration for the Board; however, an interactive online shareholder presentation was convened ahead of the AGM. The online presentation was very well attended and provided a useful opportunity for the Board to receive feedback and views as well as to answer questions from shareholders and prospective investors. Given the success of the online event, the Board has decided to hold another, similar interactive online shareholder presentation, which will be held at 11.00 a.m. on Thursday 7 April 2022. This is in addition to the in-person AGM to be held in London on 22 April 2022. At the online presentation, shareholders will receive updates from me as Chairman and the Investment Manager, and there will be an interactive question and answer session. Full details on how to join the Online Shareholder Presentation can be found in my accompanying letter and further information on how to register for the event can be found at **www.workcast.com/register?cpak=6147225932852209**

Following the online presentation, shareholders will still have almost two weeks during which to submit their proxy votes prior to the AGM and I would encourage all shareholders (whether or not they intend to attend the AGM in person) to lodge their votes in advance in this manner.

The AGM has been convened for 12:30 p.m. on 22 April 2022 at the Mermaid Conference Centre in London, and will be followed by light refreshments and an opportunity to meet the Board and the Investment Manager. Given the evolving nature of the pandemic, should circumstances change significantly, rendering an in-person AGM inadvisable or not permissible, we will notify shareholders of any changes to the AGM arrangements by updating the Company's website at murray-intl.co.uk and through an RNS announcement, where appropriate, with as much notice as possible.

Ahead of the online presentation and AGM, I would encourage shareholders to send in any questions that they may have for either forum to: **murray-intl@abrdn.com**.

On behalf of the Board, I should like to thank shareholders for their understanding and support over the last two years and very much look forward to the opportunities to engage directly with shareholders provided by the online presentation and subsequent in-person AGM.

Management of Discount and Premium

At the AGM held in April 2021, shareholders renewed the annual authorities to issue up to 10% of the Company's issued share capital for cash at a premium and to buy back up to 14.99% of the issued share capital at a discount to the prevailing NAV. During the year, 2,576,806 Ordinary shares were purchased for Treasury, representing 2.0% of issued share capital. The Board will be seeking approval from shareholders to renew the buyback authority together with the authority to allot new shares or sell shares from Treasury at the AGM in 2022. As in previous years, new or Treasury shares will only be issued or sold at a premium to NAV (excluding income) and shares will only be bought back at a discount to NAV (including income). Resolutions to this effect will be proposed at the AGM and the Directors strongly encourage shareholders to support these proposals.

Your Board continues to believe that it is appropriate to seek to address temporary imbalances of supply and demand for the Company's shares which might otherwise result in a recurring material discount or premium. The Board believes that this process is in all shareholders' interests as it seeks to reduce volatility in the discount or premium to underlying NAV whilst also making a small positive contribution to the NAV. Since the year end, up to 3 March 2022, the Company has bought back a further 426,838 Ordinary shares for Treasury. At the latest practicable date, the NAV (excluding income) per share was 1243.4p and the share price was 1189.0p, equating to a discount of 4.4% per Ordinary share compared to a discount of 6.8% per Ordinary share at the year end.

Management Fee Reduction and Ongoing Charges Ratio ("OCR")

On 30 December 2021, the Board was pleased to announce a reduction in the level of management fees payable by the Company. From 1 January 2022, the management fee will be charged at the rate of 0.5% per annum of Net Assets up to £500m and 0.4% per annum of Net Assets above £500m. Up to 31 December 2021, the management fee was charged at the rate of 0.5% of Net Assets up to £1,200m and 0.425% of Net Assets above £1,200m. The Board remains focused on controlling costs and on delivering value to shareholders. The OCR for 2021 has reduced to 0.59% (2020: 0.68%). The reduction in the level of management fee will, all other things being equal, flow through to a further reduction in the OCR in future years.

Environmental, Social and Governance

As part of its responsible stewardship of shareholders' assets, your Board continues to engage actively with the Manager with regard to the ongoing assessment and further integration of Environmental, Social and Governance ("ESG") factors in the Manager's investment process. The Board receives regular assessments of the Company's holdings and portfolio, including a MSCI fund ratings report which currently gives the Company's portfolio a rating of 'AA' (2020: 'A'). Further information on the important work undertaken on ESG by the Manager is provided in the Strategic Report on pages 21 to 27.

Climate Change

Your Board supports the principle of further regulation to promote climate change disclosures and considers that the related physical, transition and litigation risks are becoming increasingly likely and financially material.

Without becoming prescriptive on specific investment criteria, the Board's desire is for the Manager to build an increasingly resilient portfolio and to seek to exploit opportunities arising from a net zero economy, in so far as this is consistent with the Company's investment objective. A key ingredient in building such a portfolio is meaningful, regular and continuing dialogue between the Manager and high emitting investee companies, with a view not only to understanding the risk exposure and evolving business models better, but also to influencing corporate behaviour.

The Board is pleased to note that abrdn has joined the Net Zero Asset Manager initiative – an initiative that will see asset managers work in collaboration with their clients to achieve net zero by 2050 or sooner.

Directorate

The Board has had detailed discussions about its composition during the year and the Company is in the process of recruiting an additional independent non-executive Director using the services of an independent recruitment consultant. Shareholders will be updated when a candidate has been appointed.

Outlook

The global geopolitical situation looks increasingly uncertain as a result of the recent Russian invasion of Ukraine and the consequences and implications which will flow from that. Whilst the Company does not have any direct investment in Russian or Ukrainian equities or bonds, the portfolio does include exposure to some multinational companies with operations there, or potentially affected by these events. However, at the time of writing, little more can usefully be said save that the position will, of course, continue to be monitored by the Manager and the Board. This is in addition to the uncertainties resulting from the pandemic.

As the global economy begins to confront the numerous challenges presented by the ongoing pandemic, certain key issues stand out. Many businesses face an uncertain future from irrevocable changes to work practices, employment demographics, consumer spending patterns and leisure behaviour. Governments will count the costs of expanding fiscal deficits with the unenviable task of allocating future generations the debt burdens. Finally, policymakers must tackle an unfamiliar economic landscape where rising prices and wages arguably present the most serious hurdle for custodians of economic prosperity.

From a portfolio perspective, the evolving business backdrop presents numerous attractive investment opportunities for the Company's unconstrained global mandate. In these uncertain times, the Company's inherent investment flexibility permits broad country, sector and stock diversification at a time when most global equity markets seem never to have been so narrow, concentrated and expensive. Exposure to growth businesses in Asia and the developing world offer, currently often ignored, potential for superior long-term total returns, whilst an overall focus of the portfolio on "real" assets seeks to mitigate rising inflationary threats. Protecting wealth from the corrosive effects of inflation has barely registered on investment mandate radars for many decades now – in the current environment, it may become a priority. The Manager believes that the Company's portfolio exposures reflect such realities as the Company continues to seek to provide shareholders with a differentiated proposition that can meet the Company's long-term income and capital growth objectives.

Finally, your views matter. Your Board greatly values shareholder comments and I encourage you to email me with your views at **DavidHardie.Chairman@murray-intl.co.uk**.

David Hardie
Chairman
3 March 2022

Investment Manager's Review

Background

The subjective "science" synonymous with financial markets attracts many diverse practitioners. Devout disciples of data worship statistics as the instigator of relative price moves. Followers of fashion adopt a more footloose approach, favouring concepts over cash-flows, perceptions over profits. At the extremes, the apostles of animal spirits put their faith in "the invisible hand", a guiding force anatomically attributed to avarice and anxiety, but emotionally expressed as greed and fear. For the most part, such financial ideologies co-exist without much friction or fissure. But not always. Periodically, the contemporary dominating dogma becomes dysfunctional as economic conditions change, the inevitable consequences invariably being asset-value dislocations and wealth destruction. Spurious justifications of excessive valuation repeatedly precede such events, painful deflation of mispriced assets the recurring aftermath. The seismic shift in the global economic landscape over the past twelve months represented the most serious challenge to prevailing consensus market doctrine for decades.

At the root was a once familiar foe - inflation. Supposedly extinct in a world of free-flowing capital, labour and trade, the silent assassin of wealth returned with a vengeance. Initially ignored as transitory, then latterly dismissed as temporary; by year end widespread price rises were attracting the attention of everyone except the most foolhardy. The rapid pace of inflation's resurgence was relentless, radically "warming" the economic climate across the globe. Ironically, as if to emphasise the point, infection mutations related to the pandemic were perhaps the only cold constant throughout. Coexisting with the continuing battle against Covid-19, practically every economy registered a meaningful rebound in growth and inflation, although rates of expansion proved extremely erratic, varying enormously between countries and continents. Vast differences emerged between the Developed and the Developing Worlds, not solely attributable to vaccination rates.

Unfettered expansion of fiscal and monetary stimulus in the Developed World unleashed unwelcome consequences. Budget deficits ballooned, pent-up consumer demand overwhelmingly outstripped supply, and unlimited financing inflated numerous asset bubbles in different sectors of economies. Equity market valuations surpassed previous peaks, property prices soared to the highest multiple of household income on record, commodity prices skyrocketed upwards and speculative "investment" in new concepts and conjectures exceeded all levels of rational reasoning.

At the core of such emphatic exhilaration was, yet again, irresponsible Central Bankers. Craving popularity over prudence, the purported guardians of the greater good constantly stoked the fires of future financial instability by adhering to inappropriate monetary stimulus way beyond the boundaries of stated purpose and seemingly oblivious to the inflationary impacts of such actions. Pandering to equity markets whilst simultaneously enforcing financial repression on bonds should have no place in any self-respecting, independent Central Bank mandate but unfortunately this has been endemic throughout the Developed World in recent times.

Conversely, the Developing World generally favoured constraint in negotiating the untrodden path from the Covid pandemic. Across Asia and Emerging Markets, policymakers mitigated business interruptions and social costs whilst simultaneously implementing prudent policy responses. Interest rates were raised in anticipation of future inflationary pressures, and pro-growth initiatives intensified without exploitation of public financing. Caution prevailed and careful discretion was exercised with prosperity simply postponed for the future. A combination of vaccine shortages, selective reinstated lockdowns, mandated isolations and generally higher interest rates were always going to restrain growth in various developing market countries, but only relatively. The Chinese economy still expanded over 8% in 2021, with Taiwan not far behind growing 6%. More importantly, fiscal respectability was maintained throughout, with local interest rates free to accurately price risk for both lenders and borrowers alike. Against this backdrop, corporate profit recoveries were more subdued than those experienced in the Developed World, but the delayed resurgence in earnings and dividends should ultimately mean they prove to be longer lasting and of higher quality. Absent of the excesses which prevail in Developed World asset classes, the risk reward in Asian and Emerging equity markets remains very compelling.

For a year that began offering a plethora of positive potential, promising new vaccines, unprecedented stimulus, widespread economic recovery and contained inflation, by the end of the period the financial backdrop had markedly changed. A highly contagious Covid variant, increasing upward pressure on interest rates, restrained fiscal spending initiatives and inflation at multi-decade highs had conspired to sever expectations from reality. More ominously so did the performance of bond and equity markets, the former beginning to discount tougher times ahead, the latter essentially ignoring escalating inflationary pressures and the consequences that invariably follow. Unfortunately such naivety is unlikely to last.

Portfolio Activity

Portfolio activity returned to more "normal" levels of around 12% turnover in gross assets in 2021, having been higher in 2020 when market volatility presented numerous opportunities to switch expensive fixed income securities into undervalued equities. Such pricing discrepancies proved less prevalent as pandemic-induced panic subsided, but some notable strategic changes were implemented. Exposure to **Emerging Market Bonds** continued to be reduced such that, by the financial year end, overall equity exposure had risen to 102.5% of Net Assets compared to 98.8% at the end of 2020.

In total, five new companies were introduced to the portfolio and seven companies were fully divested. North American equity exposure slightly increased on selective buying of two new positions, Canadian pipeline operator **Enbridge** and US pharmaceutical giant **Bristol Myers,** offset by the outright sale of semiconductor manufacturer **Intel.** European exposure also only marginally increased; with new purchases of Swiss pharmaceutical company **Sanofi** and Scandinavian regional bank **Nordea** being offset by outright sales of **Bayer** and **Novartis** plus a large reduction in exposure to **Roche.** Such activity in these geographical regions partly reflected a change in Healthcare preferences, accentuating both potentially higher capital growth and income opportunities. Overall Asian exposure marginally declined on a net basis, with outright sales of **Auckland Airport, Swire Pacific** and **Japan Tobacco**, plus ongoing profit-taking in **Taiwan Semiconductor** to adhere to a maximum 5% of total portfolio in any one holding in accordance with investment guidelines. Only one new position was established in Asia with the initiation of **China Vanke,** a high quality property developer and management company. Over the period, there were only two meaningful transactions within UK equities, adding to the existing holding in out-of-favour Consumer Goods producer **Unilever** and the full divestment of **Standard Chartered Bank.** Whilst future prospects for Latin America remain attractive, the region witnessed the largest amount of profit-taking within the overall portfolio, the reduction of Chilean lithium producer **Sociedad Quimica (Soquimich)** and Mexican airport operator **Grupo Asur** purely a reflection of strong performance and periodically extended valuations.

From an overall investment perspective, the emphasis continues to be on diversified asset exposures in companies deemed beneficiaries of the evolving backdrop, maintaining a "barbell" strategy of owning both growth and cyclical stocks. Structurally higher inflation is supportive of companies owning real assets and exposed to the global economic cycle, whilst selective growth companies should benefit from accelerating trends in industrial automation, semiconductor miniaturisation and digital communications. In our view, the greatest potential for positive cyclical momentum upside surprises can still be identified in Asia and other countries that have lagged the recovery in the Developed World, given the current lower expectations for earnings and dividends that prevail. In such sectors and businesses the portfolio remains meaningfully invested.

Performance

The NAV total return for the year to 31 December 2021 with net dividends reinvested was 14.1%. This compared with the Reference Index (FTSE All World) total return of 20.0%. Over the full financial year, the double-digit total return on gross assets was comfortably ahead of inflation. The top five and bottom five stock contributors are detailed below:

Top Five Stock Contributors	%*	Bottom Five Stock Contributors	%*
Broadcom	0.97	Ping An Insurance	-1.10
MTN	0.59	Banco Bradesco	-0.84
Nutrien	0.47	Unilever	-0.81
GlobalWafers	0.44	Verizon Communications	-0.68
Cisco Systems	0.41	Samsung Electronics	-0.66

* % relates to the percentage contribution to return relative to the Reference Index (FTSE All World TR Index)

Investment Manager's Review

Continued

Global equity market turbulence stabilised to more normal levels following 2020's emotion-fuelled roller-coaster. Apart from a couple of minor spikes in January and December, volatility remained relatively subdued. In capital terms, for the third consecutive year, **North America** delivered the strongest index returns, yet again led by the Technology sector. For the third consecutive year, this disproportionally inflated returns from the Reference Index, which remains increasingly detached from the total return investment objective of any income focused portfolio. In Sterling terms, both **UK** and **European** portfolio exposures recorded high double-digit returns, the heavy cyclically-weighted UK market witnessing its best performance for close to a decade with Europe not far behind. Conversely, a combination of pandemic variant mutations, difficulties associated with obtaining and administering vaccines and consequential business interruptions delayed economic recovery in parts of **Asia, Latin America** and other **Emerging Markets.** This was very much reflected in currency weakness and market returns, with Asia essentially flat and Latin America and other Emerging Markets recording negative total returns in Sterling terms. Encouragingly, portfolio returns from exposures in these regions witnessed high single-digit contributions, primarily from strong stock selection amongst commodity and industrial holdings.

Predicting dividend income over the financial year again proved extremely problematic. Although the scale of pandemic induced uncertainty and business disruption moderated from last year's constant convulsions, most companies remained reluctant to give guidance on future trading conditions. Cancelled or suspended dividends from the previous year were mostly restored, and some were even raised above pre-pandemic levels, but a sizable majority were reset lower to reflect more modest expectations going forward. Currency movements against Sterling experienced relatively normal volatility within an historical context, with the usual unpredictability of magnitude and direction. Where Sterling strength prevailed, it tended to be dictated by non-financial influences, particularly during waves of infection mutations in those countries still struggling to contain the pandemic such as South Africa, Brazil and Thailand. Dividend increases from portfolio companies generally exceeded conservative estimates, with 70% of holdings falling into this category. The largest contribution to recovery in revenues came from holdings in mining stocks, banks, insurance and pharmaceuticals. Reduced dividend distributions were almost exclusively a feature of Asian holdings, caused by maintaining the discipline of paying fixed percentage pay-out ratios on business interrupted earnings from the previous year. This practice will likely positively impact the current financial year given the stronger earnings growth witnessed in 2021. Overall gross income increased +14.2% year-on-year, with earnings per share growth of +11.0% reflecting lower dividend tax reclaims than the prior period.

Attribution Analysis

The attribution analysis overleaf details the various influences on portfolio performance. In context, it should be noted that the Company's income objective gives rise to a portfolio of investments that differs significantly from the Reference Index in terms of geographical exposures, sector allocations and stock selection. During the period under review, when increasingly concentrated market (United States), sector (technology) and stock (low-yielding) outperformance continued to dominate composite index returns, the statistical limitations of relative attribution analysis were clearly evident. However, from the analysis, in summary, of the 440 basis points (before expenses) of performance below the reference index, asset allocation detracted 270 basis points and stock selection detracted 170 basis points. Structural effects, relating to the fixed income portfolio and gearing net of borrowing costs, detracted a further 30 basis points of relative performance.

	Company		Reference Index[A]		Contribution from:		
	Weight %	Return %	Weight %	Return %	Asset Allocation %	Stock Selection %	Total %
UK	5.9	15.1	3.9	18.4	–	–0.3	–0.3
Europe ex UK	20.6	11.1	13.2	17.6	0.6	–2.1	–1.5
North America	31.2	27.2	62.4	28.1	–2.3	–0.4	–2.7
Asia Pacific ex Japan	29.7	9.5	12.1	–0.1	0.2	–0.5	–0.3
Japan	–	–	6.3	2.5	1.3	–0.1	1.2
Other International	12.6	12.1	2.1	10.1	–2.5	1.7	–0.8
Gross equity portfolio return	**100.0**	**15.6**	**100.0**	**20.0**	**–2.7**	**–1.7**	**–4.4**
Fixed income		–					
Gross portfolio return		**15.6**					
Management fees and admin expenses		–0.7					
Tax charge		–0.6					
Finance costs		–0.3					
Technical differences		0.1					
Total return		**14.1**		**20.0**			

[A] Reference Index – FTSE All World TR Index

Notes to Performance Analysis

Asset Allocation effect – measures the impact of over or underweighting each asset category, relative to the Reference Index weights.

Stock Selection effect – measures the effect of security selection within each category.

Technical differences – the impact of different return calculation methods used for NAV and portfolio performance

Source: abrdn plc & BNP Paribas Securities Services Limited.

Global Review

Given the depth of regional recessions and deeply distorted macroeconomic trends that prevailed throughout the world in 2020, economic recoveries in 2021 were unlikely to be smooth, uniform and predictable. In the event, what transpired clearly proved the point. As business interruptions sporadically continued and financial legacies mounted, consumers, companies and governments remained hostage to unfamiliar circumstances. Nowhere was this more evident than in the **United States.** A high-octane cocktail of extremely loose monetary policy, huge transfer payments to unemployed consumers during the pandemic and promises of massive future fiscal stimulus fuelled a frenzy of equity investment. Anticipation of higher future corporate earnings inflamed the momentum. In the real economy, labour markets tightened as economic recovery gained traction, pent-up demand far outstripped supply, and a booming US economy succumbed to the inevitable – inflation. The Federal Reserve's pledge to tolerate "moderately" higher inflation until the economy generated full employment evaporated in line with other post-pandemic promises, leaving policy in limbo and increasingly susceptible to speculative forces. The year ended with rising expectations for imminent interest rate hikes, an end to printing money and less fiscal largesse. How this relates to current valuations on US equities and bonds remains of key concern.

Under virtually any scenario apart from the belief that rock bottom interest rates will prevail in perpetuity, the US equity market stands out as excessively valued. Year-on-year comparisons for quarterly earnings will become tougher throughout this year, as will debt servicing and perhaps even access to new capital. Corporate taxes may also have to rise if politicians ever, even reluctantly, wish to restore some semblance of fiscal respectability. The US bond market also has many uncertainties to negotiate: constant monetary intervention over the past decade has distorted the US bond market beyond recognition, such that America faces the future with the most negative real interest rates since the 1950s. Bank deposits are already being eroded by inflation. For now,

Investment Manager's Review

Continued

the US bond market seems impotent to correctly price increasingly evident inflationary pressures, but scope clearly exists for significant upward moves in bond yields if market forces are restored to fixed income valuations.

For the **UK** and **Europe**, the divergence between economic fundamentals and equity markets appears less stretched on an absolute basis, but careful consideration must be given to the more cyclical nature of key index constituents and the sustainability of recovering growth dynamics. For both these "regions", painful price and wage inflation are already causing numerous problems. Rigid labour markets, spiralling energy costs, higher taxes and increasing trade barriers suggest the post-pandemic future will be decidedly different from what prevailed before. For consumers and businesses alike, this changing landscape brings significant challenges. Generalisations carry significant risk so evaluating individual companies relative to global sector dynamics arguably provides more insight than purely domestic market comparisons. Specifically, individual portfolio holdings in the UK and Europe generally emphasise real assets with some degree of pass-through pricing power. Diversified energy companies with accelerating renewables exposure are preferred (**TotalEnergies and Shell**) over more narrowly focused producers. Asset rich communication companies operationally leveraged to recovering wireless traffic (**Vodafone and Telenor**) look better positioned than liability heavy incumbents. Insurance providers unburdened by legacy business, over-zealous regulators or lingering political interference (**Tryg and Zurich Finance**) remain attractive total-return prospects. Finally, asset light industrials exposed to recovering manufacturing industries and growth in commodity volumes (**Atlas Copco and Epiroc**) appear well placed to benefit from ongoing global recoveries. Finding the combination of appropriate dividend yield and attractive valuation in these types of businesses remains a key investment priority.

The polarisation between vaccination progress in the Developed World and vaccination roll out across the Developing World could crudely be interpreted as responsible for relative regional equity market returns as previously discussed. This gross simplification only gives part of the reasoning. Sentiment towards **Asia, Latin America** and other **Emerging Markets** proved almost universally negative throughout as constant lock-downs, business interruptions and locally emerging new variants kept investors wary. The pandemic undoubtedly played its part in paralysing international risk appetite. Yet, encouragingly for many countries, an arguably more cautious approach to limiting social mobility and ensuring infection rates were kept to a minimum, protecting domestic interests with the long term in mind. Industrial powerhouses such as **Taiwan** and **Korea** hardly missed a beat, whilst **Singapore** remained focused on maintaining financial stability throughout. **China's** "common prosperity" crusade caused eruptions across many domestic sectors, causing foreign capital to flee and international scrutiny to intensify but, for the most part, emotive rhetoric was aimed more at purging excesses and resetting boundaries than destroying the nation's increasingly capitalist dependency. From a portfolio perspective, Asian industrials, telecommunications and banking exposure generally performed well, and total returns from the region contributed positively to both income and capital. The same was the case for **Latin America**. The contributions to the Company's improving income statement from Chilean lithium producer **Soquimich** and **Vale** in Brazil were significant, as was the total return from **Grupo Asur** in Mexico. The blend of both growth and cyclical value at attractive valuations remains most pronounced in these regions. With enormous pent-up demand still to be unleashed as social constraints are eased, the scope for operational leverage on profits, and consequentially dividends, augers well for companies exposed to these trends this year and beyond.

Summary of Investment Changes During the Year

	Valuation 31 December 2020 £'000	%	Appreciation/ (depreciation) £'000	Transactions £'000	Valuation 31 December 2021 £'000	%
Equities						
UK	73,372	4.5	1,265	11,235	**85,872**	**5.0**
Europe ex UK	274,030	16.6	19,819	11,038	**304,887**	**17.5**
North America	380,614	23.1	90,913	25,369	**496,896**	**28.6**
Asia Pacific ex Japan	489,281	29.7	29,363	(15,325)	**503,319**	**28.9**
Japan	13,848	0.8	(1,052)	(12,796)	**–**	**–**
Latin America	218,535	13.3	3,453	(37,923)	**184,065**	**10.6**
Africa	5,995	0.4	9,799	–	**15,794**	**0.9**
	1,455,675	88.4	153,560	(18,402)	**1,590,833**	**91.5**
Preference shares						
UK	7,488	0.5	149	–	**7,637**	**0.4**
	7,488	0.5	149	–	**7,637**	**0.4**
Bonds						
Europe ex UK	13,182	0.8	(7,005)	(154)	**6,023**	**0.4**
Asia Pacific ex Japan	69,365	4.2	(1,722)	(15,117)	**52,526**	**3.0**
Latin America	83,621	5.1	(3,781)	(13,137)	**66,703**	**3.8**
Africa	17,074	1.0	(1,564)	80	**15,590**	**0.9**
	183,242	11.1	(14,072)	(28,328)	**140,842**	**8.1**
Total Investments	1,646,405	100.0	139,637	(46,730)	**1,739,312**	**100.0**

Investment Manager's Review

Continued

Outlook

Despite consensus claims to the contrary, assessing investment prospects arguably remains rooted more in definitive and discernible assets rather than instinctive or idiosyncratic ideas. Add inflation to the equation and what's tangible today invariably takes precedence over tomorrow's potential promises. In essence, inflationary dynamics distort accurate future valuation assumptions, eroding predictability of interest rates, currencies, returns on capital and growth. Against such a backdrop, foresight favours simplicity. Looking backwards, there can be no argument that the unforeseen circumstances brought about by the global pandemic favoured Technology companies which thrived under social and economic isolation. Enormous behavioural changes driven by electronic services are testimony to that. Whilst none of these trends is likely to reverse, looking forward the global economy looks destined to be confronted by more familiar influences, namely interest rates, inflation and infections.

Of the three, the lingering pandemic is arguably the hardest to integrate. It potentially constrains the outlook for economic growth whilst simultaneously carrying the capacity to disrupt business further. Such a scenario merely exaggerates inflationary pressures. In essence, a double negative with no positive connotations. In terms of interest rates, the landscape looks more defined. With most G7 central banks late to acknowledge inflationary threats, the removal of extremely accommodative monetary stimulus is a matter of when, not if. Thereupon, the availability of money rapidly mutates from plenty to paucity for those nations most affected. Herein lies the potential for the greatest margin of error. With inflation already breaching 40-year highs in numerous economies, fears are escalating that policy makers are already too late to act effectively. The destructive dynamic of central banks aggressively tightening into economies already decelerating naturally is a tragically familiar feature of economic history. Simultaneously, shrinking government balance sheets, raising interest rates and taming inflation, all without affecting growth, is most definitely not a precise science. Any tightening cycle is fraught with angst and apprehension, and this time will be no different.

Most ominously, rising global protectionism, regulation and redistribution of wealth to labour from capital represent new challenges for financial markets. The powerful deflationary forces of globalisation and technology disruption, which defined improved productivity and contained inflation for previous decades, are increasingly under threat, potentially heralding in a period of greater inefficiencies and price rises. Sparse economic growth against a backdrop of liberal monetarism, so prevalent in the current century to date and inspiration for the "pay any price for growth" mentality that dominated the mantra of the 2010-2020 investment generation may be about to broaden out considerably. An inflationary environment represents a paradigm shift from what has recently prevailed, prompting the allocation of capital, savings and investment to be influenced by dramatically different factors. Against such a backdrop, great care continues to be exercised, with investment emphasis on diversification, quality and real tangible assets. By maintaining our disciplined investment approach towards delivering income growth through careful allocation of capital our flexible mandate is well positioned to capitalise on whatever investment opportunities lie ahead.

Bruce Stout
Senior Investment Director

Martin Connaghan,
Investment Director

Samantha Fitzpatrick,
Investment Director

3 March 2022

The Manager's Investment Process

The Company's Alternative Investment Fund Manager is Aberdeen Standard Fund Managers Limited ("ASFML") which is authorised and regulated by the Financial Conduct Authority. Day-to-day management of the portfolio is delegated to Aberdeen Asset Managers Limited ("AAM"). AAM and ASFML are collectively referred to as the "Investment Manager" or the "Manager". The ultimate parent of AAM and ASFML is abrdn plc (previously known as Standard Life Aberdeen plc).

The Manager believes that deep fundamental research into companies, mediated through team debate and a rigorous stock selection process, is the key to unlocking investment insight and driving investment returns for clients such as the Company. The Manager utilises a truly bottom-up, fundamental stock-picking approach, where sector, regional and country allocations are a consequence of the bottom-up stock selection decisions, constrained by appropriate risk controls. The Manager operates a comprehensive risk system with tools that provide better insights for its individual fund managers and a more complete understanding of all risk exposures in the portfolios to ensure that the managers only take the sort of risk that the Manager is comfortable with and can back with insight from extensive first hand research.

The Manager takes a long term quality approach by focusing on companies that the research analysts identify as high quality. This involves assessing each company on five key factors, namely the durability of the business model and moat, the attractiveness of the industry, the strength of the financials, the capability of management, and assessment of the company's ESG credentials. In the assessment of what is an appropriate valuation for a company, the Manager focuses primarily on earnings yields, free cashflow yields and dividend yields, set against expected long-term growth rates for those elements. The Manager targets a double digit implied annual return. From this pool of companies the Manager looks to construct a focused portfolio of 40 - 60 companies, selecting those companies that have the most attractive quality and valuation characteristics, offering the best expected risk adjusted returns, within a diversified portfolio. Position sizes typically range from 1% to 5% and are considered on an absolute, rather than benchmark relative basis.

An overview of the investment process is provided below and further explanation of this process can be found on pages 19 and 106.

The Manager's Investment Process

Continued

Reference Index

The Company does not have a Benchmark. However, performance is measured against a number of measures including a Reference Index, the FTSE All World TR Index, which was adopted in April 2020. Given the composition of the portfolio and the Manager's investment process, it is likely that the Company's investment performance may diverge, possibly significantly, from this Reference Index. Performance prior to April 2020 is measured against a blend of the old composite Benchmark (40% of the FTSE World UK Index and 60% of the FTSE World ex-UK Index) up to 27 April 2020 and the FTSE All World TR Index thereafter.

Delivering the Investment Policy

Day-to-day management of the Company's assets has been delegated to the Manager. The Manager invests in a diversified range of international companies and securities in accordance with the investment objective.

The Manager has responsibility for portfolio construction across all regional segments and the team is led by Bruce Stout with dedicated support from Martin Connaghan and Samantha Fitzpatrick. The management team utilises a "Global Coverage List" which is constructed by each of the specialist country management teams. This list contains all buy (and hold) recommendations for each management team, which are then used by the portfolio manager as the Company's investment universe. Stock selection is the major source of added value over time.

Top-down investment factors are secondary in the Manager's portfolio construction, with stock diversification rather than formal controls guiding stock and sector weights. Market capitalisation is not a primary concern.

A detailed description of the investment process and risk controls employed by the Manager is disclosed on pages 19 and 106 and in note 18 to the financial statements. A comprehensive analysis of the Company's portfolio is disclosed on pages 42 to 49 including a description of the ten largest investments, the portfolio of investments by value and a sector and geographical analysis of investments. The portfolio attribution analysis is on page 15.

In addition to equity exposures, the investment mandate provides the flexibility to invest in fixed income securities. The process of identifying, selecting and monitoring both sovereign and corporate bonds follows exactly the same structure and methodology as that for equity investment, fully utilising the global investment resources of the Manager. As in the case of equity exposure, the total amount, geographical preference, sector bias and specific securities will ultimately depend upon relative valuation and future prospects.

At the year end, the Company's portfolio consisted of 51 equity and 20 bond holdings. The Manager is authorised by the Board to hold between 45 and 150 holdings in the portfolio.

The Manager's Focus on ESG

Introduction

Whilst environmental, social and governance ("ESG") factors are not the over-riding criteria in relation to the investment decisions taken by the Manager for the Company, significant attention is given to ESG and climate related factors throughout the Manager's investment process. The Manager gives particular weight to ESG factors when they are material to the investment case being made for an investee company.

The following pages highlight the way that ESG and climate change are considered by the Manager. These processes are reviewed regularly and liable to change and the latest information will be available for download on the Company's website, **murray-intl.co.uk.**

Core beliefs: Assessing Risk, Enhancing Value

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the consideration of ESG factors is a fundamental part of the Manager's investment process and has been for over 30 years. It is one of the key criteria on which the Manager assesses the investment case for any company in which it invests for three key reasons.

Responsible Investing – Integration of ESG into the Manager's Investment Process

"By embedding ESG factors into our active equity investment process we aim to reduce risk, enhance potential value for our investors and foster companies that can contribute positively to the world." abrdn

Financial Returns	ESG factors can be financially material – the level of consideration they are given in a company will ultimately have an impact on corporate performance, either positively or negatively. In the Manager's view, those companies that take their ESG responsibilities tend to outperform, over time, those that do not.
Fuller Insight	Systematically assessing a company's ESG risks and opportunities alongside other financial metrics allows the Manager to make better investment decisions.
Corporate Advancement	Informed and constructive engagement helps foster better companies, protecting and enhancing the value of the Company's investments.

"We believe that the market systematically undervalues the importance of ESG factors. We believe that in-depth ESG analysis is part of both fundamental company research and portfolio construction and will lead to better client outcomes." abrdn

Researching Companies: Deeper Company Insights for Better Investor Outcomes

The Manager conducts extensive and high-quality fundamental and first-hand research to fully understand the investment case for every company in its global universe. A key part of the Manager's research involves focusing its extensive resources on analysis of ESG issues. The Manager's investment managers, ESG Equity Analysts and central ESG Investment Team collaborate to generate a deep understanding of the ESG risks and opportunities associated with each company. Stewardship and active engagement with every company are also fundamental to the investment process helping to produce positive outcomes that lead to better risk-adjusted returns.

abrdn's Global ESG Infrastructure

abrdn has over 1,000 investment professionals globally including investment managers, ESG Equity Analysts and the central ESG Investment Team who systematically analyse ESG risks and opportunities as part of the Manager's research output for each company. Its central team and ESG equity analysts support the investment managers' first-hand company analysis, producing research into specific themes (e.g. labour relations or climate change), sectors (e.g. forestry) and ESG topics to understand and highlight best practice. Examples of thematic and sector research can be found on the Manager's website at: **www.abrdn.com/discretionary/investment-approach/responsible-investing.**

The Manager's Focus on ESG

Continued

Investment Managers	All abrdn equity investment managers seek to engage actively with companies to gain insight into their specific risks and provide a positive ongoing influence on their corporate strategy for governance, environmental and social impact
ESG Equity Analysts	abrdn has dedicated and highly experienced ESG equity analysts located across the UK, US, Asia and Australia. Working as part of individual investment teams, rather than as a separate department, these specialists are integral to pre-investment due diligence and post-investment ongoing company engagement. They are also responsible for taking thematic research produced by the central ESG Investment Team (see below), interpreting and translating it into actionable insights and engagement programmes for our regional investment strategies.
ESG Investment Team	This central team of more than 20 experienced specialists based in Edinburgh and London provides ESG consultancy and insight for all asset classes. Taking a global approach both identifies regions, industries and sectors that are most vulnerable to ESG risks and identifies those that can take advantage of the opportunities presented. Working with investment managers, the team is key to the Manager's active stewardship approach of using shareholder voting and corporate engagement to drive positive change.

Climate Change

According to the United Nations, climate change refers to the long-term shifts in temperatures and weather patterns. These shifts may be natural, such as through variations in the solar cycle. But since the 1800s, human activities have been the main driver of climate change, primarily due to burning fossil fuels such as coal, oil and gas.

Burning fossil fuels generates greenhouse gas emissions that act like a blanket wrapped around the Earth, trapping the sun's heat and raising temperatures.

Examples of greenhouse gas emissions that are causing climate change include carbon dioxide and methane. These come from using fuel for driving a car or coal for heating a building, for example. Clearing land and forests can also release carbon dioxide. Landfills for waste are a major source of methane emissions. Energy, industry, transport, buildings, agriculture and land use are among the main emitters.

The Manager has a duty to consider all factors that may have a financially material impact on returns. Climate change is such a key factor.

The related physical and transition risks are vast and are becoming increasingly financially material for many of our investments. This is not only true in the obvious high-emitting sectors, such as energy, utilities and transportation, but also along the supply chain, providers of finance and in those reliant on agricultural outputs and water.

In the Manager's view, companies that successfully manage climate change risks will perform better in the long term. It is important that the Manager assesses the financial implications of material climate change risks across all asset classes, including real assets, to make portfolios more resilient to climate risk.

Adaptation measures are essential to help limit damages from the physical impacts of climate change. Comparable climate-related data is necessary to enable effective decision making, and is something the Manager actively sources and incorporates into its process. The Manager is supportive of the Task Force on Climate-related Financial Disclosures (TCFD) framework to strengthen climate reporting globally.

Regular engagement with high-emitting investee companies allows the Manager to better understand its exposure and management of climate change risks and opportunities. In actively managed investments, ownership provides a strong ability to challenge companies where appropriate. The Manager can also influence corporate behaviour positively in relation to climate-risk management.

The Manager believes that this is more powerful for an effective energy transition than a generic fossil fuel divestment approach. Through active engagement it is possible to steer investee companies towards ambitious targets and more sustainable low-carbon solutions. If there is limited progress in response to the engagement, the Manager will consider the ultimate option of selling its holdings.

The Manager strongly encourages companies to consider the social dimension of the energy transition to ensure it is inclusive and 'just'. This means worker and community needs are considered on the path to a low-carbon economy so they are not left stranded. Other social aspects, such as affordability and reliability of energy supply are also important. Influencing through engagement has worked particularly well in collaboration with other asset managers and asset owners as part of our involvement in Climate Action 100+. This is a five-year initiative to engage and influence high-emitting companies collaboratively.

Consideration of climate change risks and opportunities is an integral part of the investment process and corporate engagement is seen as essential to ensuring that portfolio companies manage climate-related risks and support a 'just' energy transition. This is an important part of the role of an active investor.

The Manager provides climate change insights through research and data to investment decision makers. This helps assess the financial materiality of climate change risks and opportunities. The Manager aims to influence the management of climate-related risks through engagement and voting and is part of Climate Action 100+ having signed the 2018 Just Transition statement.

The Manager is also a signatory to the Net Zero Asset Manager Initiative, which informs how the Manager conducts research, selects and manages investments. The Manager also pledges to reduce its own operational carbon footprint. It has committed to reducing emissions from energy use by 50% by 2025, procuring 100% renewable electricity for its buildings, and offsetting those emissions that have not yet been eliminated.

From Laggards to Best in Class: Rating Company ESG Credentials

A systematic and globally-applied approach to evaluating stocks allows the Manager to compare companies consistently on their ESG credentials – both regionally and against their peer group.

The Manager captures the findings from its research and company engagement meetings in formal research notes.

Some of the key questions include:

- Which ESG issues are relevant for this company, how material are they, and how are they being addressed?
- What is abrdn's assessment of the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

Having considered the regional universe and peer group in which the company operates, the Manager's equity team then allocates it an ESG rating between one and five (see below). This is applied across every stock that the Manager covers globally.

The Manager also uses a combination of external and proprietary in-house quantitative scoring techniques to complement and cross-check analyst-driven ESG assessments. ESG analysis is peer-reviewed within the equities team, and ESG factors impacting both sectors and stocks are discussed as part of the formal sector reviews. To be considered 'best in class', the management of ESG factors must be a material part of the company's core business strategy. It must provide excellent disclosure of data on key risks. It must also have clear policies and strong governance structures, among other criteria.

The Manager's Focus on ESG

Continued

1. Best in class	2. Leader	3. Average	4. Below average	5. Laggard
ESG considerations are material part of the company's core business strategy Excellent disclosure Makes opportunities from strong ESG risk management	ESG considerations not market leading Disclosure is good, but not best in class Governance is generally very good	ESG risks are considered as a part of principal business Disclosure in line with regulatory requirements Governance is generally good but some minor concerns	Evidence of some financially material controversies Poor governance or limited oversight of key ESG issues Some issues in treating minority shareholders poorly	Many financially material controversies Severe governance concerns Poor treatment of minority shareholders

At the time of writing, 3 March 2022, 6.8% of the Company's portfolio is invested into companies with an ESG rating of level 1, 28.7% in assets with an ESG rating of 2, 46.9% in businesses with an ESG rating of 3, 8.9% in investments with an ESG rating of level 4 and there were no investments in companies rated 5. The Company's bonds and cash holdings are unrated.

Working with Companies: Staying Engaged, Driving Change

Once abrdn invests in a company, it is committed to helping that company maintain or raise their ESG standards further, using the Manager's position as a shareholder to press for action as needed. abrdn actively engages with the companies in which it invests to maintain ESG focus and encourage improvement.

The Manager sees this programme of regular engagement as a necessary fulfilment of its duty as a responsible steward of clients' assets. It is also an opportunity to share examples of best practice seen in other companies and to use the Manager's influence to effect positive change. The Manager's engagement is not limited to the company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients. What gets measured gets managed, so the Manager strongly encourages companies to set clear targets or key performance indicators on all material ESG risks.

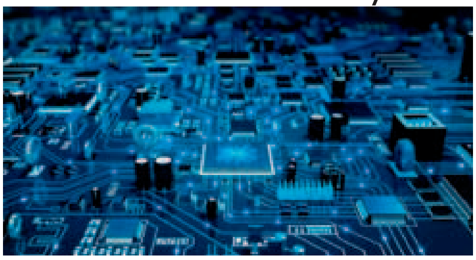
The investment process consists of four interconnected and equally important stages:

Monitor	Contact	Engage	Act
Ongoing due diligence · Business performance · Company financials · Corporate governance · Company's key risks and opportunities	**Frequent dialogue** · Senior executives · Board members · Heads of departments and specialists · Site visits	**Exercise rights** · Attend AGM/EGMs · Always vote · Explain voting decisions · Maximise influence to drive positive outcomes	**Consider all options** · Increase or decrease our shareholding · Collaborate with other investors · Take legal action if necessary

Investment and ESG Case Studies

The Manager takes into consideration many factors when deciding whether to invest in or divest from a company. These factors have been described in the previous sections covering The Manager's Investment Process and The Manager's Focus on ESG and are further illustrated by the case studies below.

GlobalWafers Case Study



The Company first invested in Taiwan-listed GlobalWafers back in 2019. It is the country's largest silicon wafer maker and the third-largest worldwide. A key material in the semiconductor industry, GlobalWafer's products feed into the supply chains of technology leaders like TSMC, Samsung Electronics and Intel. This exposes the company to a comprehensive suite of structural trends globally, such as increasing 5G adoption, rising demand for higher computing power, and accelerating digitalisation and automation across various industries. These end market exposures were the primary driver for the initiation, while also affording the Company the opportunity to diversify its semiconductor exposure to a degree. The company had executed very well on increasing its scale and capabilities via acquisitions and the thesis was that management would continue to execute well while also maintaining attractive returns to shareholders.

With a long history dating back to 1981, the company has steadily grown its scale and manufacturing expertise over the years through mergers and acquisitions, allowing it to capture orders from top-tier customers, which account for nearly half of the company's annual sales. In addition, the increasingly consolidated nature of the industry means that major clients will remain with trusted suppliers such as GlobalWafers for repeat orders. At the same time, the prohibitive cost of bringing on new wafer capacity will keep prospective new entrants at bay. This competitive edge has allowed GlobalWafers to generate high returns and sustainable cash flows through the years, bolstering a solid balance sheet and allowing for a generous shareholder return policy.

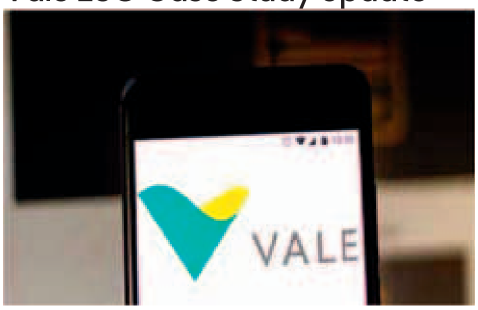
The Covid-19 pandemic saw several trends emerge, such as remote working, increased e-commerce and logistics demand, and greater security, connectivity, and digitalisation requirements. Coupled with lockdown-induced disruptions and US-China trade disputes, this has led to a higher demand for chips as semiconductor companies sought to restock and meet this surge. GlobalWafers has capitalised on this opportunity to increase wafer prices and contracts in this environment of more robust demand and tighter supply.

Looking ahead, GlobalWafers had been considering a majority stake in German rival, Siltronic, which would have taken GlobalWafers to the position of second largest silicon wafer maker globally. Germany's Economic Ministry did not clear the €4.35 billion deal, citing concerns around "tech sovereignty", where countries do not want to rely on other countries for critical technologies like semiconductors.

While the Siltronic deal would have been a positive development for the business, fortune tends to favour the high quality executors in this space. This should still place GlobalWafers in good standing to reap the benefits of these ongoing trends driving the current semiconductor upcycle, which is why it remains a core holding.

GlobalWafers has also made notable progress in disclosing energy usage and recycling targets. In the future, it will publish plans on how the company can align itself to net-zero carbon initiatives. This progress is pertinent because it is part of chipmaker TSMC's supply chain. TSMC, another key holding of the Company, has committed its supply chain to adhere to the initiatives above. GlobalWafers is running the net zero carbon disclosure exercise and will share its plans when they are completed. While they are to be congratulated on improved disclosure, we also noted that its ESG rating with MSCI is below expectations and shared its perceived areas of weakness. We have held initial discussions with the company on each of these points and will follow up on suggested action points.

Vale ESG Case Study Update



In the 2019 Annual Report we provided shareholders with an update on the Feijao dam collapse in the city of Brumadinho in 2018 and highlighted the Manager's engagement with Vale in the aftermath of the disaster. abrdn's engagement with portfolio companies is a continuous process and this year we are providing

Investment and ESG Case Studies

Continued

shareholders with a detailed update, having seen tangible progress regarding the level of disclosure and detailed information that Vale has provided to investors.

Upstream tailings dam progress

There are sixty-five upstream dams (the type that failed) in Brazil, which account for fourteen percent of the total amount. An upstream dam is constructed using the deposited tailings, or waste, and is built in the opposite direction to the water flow. These are no longer allowed to be constructed or operated in Brazil following stricter regulations brought in after the tragedy. Vale owns one hundred and ten tailings dams in Brazil, seventeen of which are upstream. Vale has already eliminated seven upstream tailing dams and expects to de-commission a further five in 2022. All are expected to be eliminated by 2035.

Reparations

In February 2021, the complete reparation agreement of R$37.7bn (approximately US$7bn) was signed by Vale, the Minas Gerais state government, the State and Federal Public Prosecutor's Office, and the Public Defender's Office for the State of Minas Gerais. This is a civil agreement only, which means that criminal proceedings remain open. The agreement includes (1) Income Transfer Program for local communities, (2) Projects demanded by the affected communities, and (3) Water security for the affected region. Approximately 55% of total payments had already been made by December 2021.Vale has taken additional measures out with this agreement, including funding studies on risks to human health and ecology, monitoring the groundwater for human consumption, and paying for temporary housing whenever necessary.

Recycled tailings waste

Vale and other players in the industry are currently developing products made from the reuse/recycling of dry tailings. These products include cement/concrete mixture, bricks and green tyres. We believe the development of these products should bring an important sustainable component to the industry as a whole.

Operational improvements

Operational safety, or more specifically dam safety, is a crucial topic for Vale. Vale's reputation was badly damaged by its indirect involvement in the 2018 Mariana dam disaster, followed by its direct responsibility for the Brumadinho accident. These events evidenced the instability of upstream dam structures. Brumadinho also highlighted that Vale failed to identify risks and strengthen its risk management framework in light of the Mariana dam failure. Although these events will forever tarnish the company's history, the Brumadinho accident has triggered significant internal changes which aim to transform Vale, and reposition the company as a benchmark for safety and ESG issues. Operational risks cannot be eliminated, but the company has significantly improved its risk management framework and governance. The company has ambitious targets to de-risk its operations and essential milestones have already been achieved.

Vale has a new 'ESG Roadmap' initiative which includes key targets such as: (i) compliance with the Paris agreement to become carbon neutral by 2050 with 100% of self-generation of clean energy; (ii) reduction in water collection by 10%; (iii) reforestation goals increased fivefold and a 50% increase in the area of forest protected by the company; (iv) improvement in the diversity of management and employees -e.g. Increase women's participation from 13% to 26% by 2030; (v) compliance with new Health and Safety system targets and get ISO 14001 certification by 2022. It is also worth noting that the company has included ESG key performance indicators (KPI's) in short and long term remuneration plans.

Vale has materially changed its approach towards safety and risk management since the Brumadinho tragedy. While the company's new "safety first" culture will take time to implement fully, there have been some notable accomplishments since the accident.

Governance for safety and risk management.

Vale created its 'Safety and Operational Excellence Executive Office' in 2019. It comprises 450 professionals who take care of: Health and Safety and Operational Risks, Operational Excellence, Asset Management and Geotechnical Structures. This office is led by Carlos Medeiros, an Executive Vice-President who reports directly to the CEO.

Health & Safety

Vale has reduced its injury frequency rate by 37% since 2018 and was one of the top two players in the industry as of 2020. High potential recordable injuries have also been trending down, and Vale expects to reach zero by 2025.

Corporate Governance

In 2021, the board underwent significant changes as the company moved to an improved corporate structure. Now eight out of twelve board members are independent, and the role of Chairman, currently filled by Jose Luciano Duarte Penido, is also independent for the first time.

We have heard management say several times over the last few years that Vale is fully committed to shifting the mindset of its employees to "safety first". While the past cannot be changed, we do see meaningful change taking place. Vale was perceived as a company obsessed with operational performance before the accident, but safety does seem to have become the number one priority. The company has accepted lower production figures during the last three years while getting its house in order. The Manager has met with representatives of the company over thirty times since the accident, pressing for and monitoring the progress of improvements in key areas. We will continue to do so going forward.

Telus Case Study

The Company first invested in Canadian telecoms operator Telus in 2013. The initial thesis focused on the significant market shares that Canada's three major incumbents, Telus, Rogers and Bell enjoy. The competitive environment had been relatively benign until that point, allowing the big three players to generate solid cash flows and pay attractive dividends. The Canadian telecom market was also seeing tailwinds such as wireless and wireline convergence, where operators blend the two network types, making connectivity more ubiquitous and where Canadian telecom operators have been very successful. In addition, Canada's higher population growth rate relative to G7 nations and, at the time, lower wireless penetration rates provided additional longer term structural tailwinds.

On the surface, the Canadian telecom market appears similar to other Western markets in structure, competitive strategy and underlying trends. Canada has three major incumbents in wireless, Telus, Rogers and Bell, with some challengers nipping at the heels. The market has seen average revenue per user (ARPU) erosion due to unlimited pricing plans and device financing while experiencing accelerating broadband pricing growth. Structurally, the Canadian market is small relative to other developed markets, with around 15 million households versus about 129 million in the US. Its population of circa 38 million people makes Canada roughly the same size as California in terms of the addressable market size. However, the market is much more concentrated than the US in terms of population density. While Canada is a vast country with ten provinces and three territories, Ontario, Quebec, Alberta, and British Columbia account for 87% of the overall population and GDP. The top 5 metro areas of Toronto, Montreal, Vancouver, Calgary and Ottawa account for 43% of the Canadian population. By comparison, the top 5 metro areas in the US accounts for around 17% of the population. This is one of the reasons why, despite Canada's land area being comparable to the US, Canada only requires approximately 13,000 cell towers vs about 340,000 sites in the US.

This thesis has largely played out as hoped over the years, and many of the drivers still remain relevant for the stock today. While regulatory environment in Canada tends to be more onerous than in other markets, there still appears to be a more stable regime in place. Furthermore, the quality of execution at those smaller operators seeking to be competitively disruptive has been lacking, resulting in the major incumbents seeing less operating pressure to date than has been the case in other markets such as the US.

Also, despite the regulatory environment, Canadian distributors still have some of the highest ARPUs in the Developed World. While the regulatory framework remains an ongoing risk for the sector in Canada, of which we should remain mindful, we believe this is likely to be less of a terminal value risk even in the worst-case scenario, i.e. wholesale access at regulated rates. This is because the size of the market is too small and regulatory risk too significant to attract global majors. At the same time, the scale difference between the incumbents and new entrants is too substantial for the latter to create sustained long term pressure. The majors looked to cement their position even further when Canada held a 3500MHz spectrum auction, key for 5G networks, in 2021. This generated a record C$8.9 billion, with the top three firms accounting for around 80% of that. In addition, unlike other parts of the world, Canadian operators control a vast majority of their infrastructure instead of relying on third parties such as tower companies and data centre operators. This creates significant entry barriers for infrastructure-based entrants.

At their most recent results, Telus offered better than expected revenue and earnings guidance for 2022. There is also an expectation of lower capital intensity from 2023 onwards, which should accelerate free cash flow generation, allowing for even more attractive capital returns as the business delevers. Telecommunication companies are sometimes accused of being unexciting; however, we still view Telus as a business with attractive assets and a solid strategy, which management should continue to execute on well.

Key Performance Indicators (KPIs)

The Board uses a number of financial and operating performance measures to assess the Company's success in achieving its investment objective and to determine the progress of the Company in pursuing its investment policy. The main KPIs (refer to glossary on page 112 for definition) identified by the Board in relation to the Company which are considered at each Board meeting are as follows:

KPI	Description
Dividend	**Absolute Growth:** The Board's aim is to seek to increase the Company's revenues over time in order to maintain an above average dividend yield. Dividends paid over the past 10 years are set out on page 29 with a graph showing dividend growth against inflation on page 30. **Relative Yield:** The Board also measures NAV total return performance against the Reference Index and performance relative to investment trusts within the Company's peer group over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.
NAV Performance	**Absolute Performance:** The Board considers the Company's NAV total return figures to be the best indicators of performance over time and these are therefore the main indicators of performance used by the Board. **Relative Performance:** The Board also measures NAV total return performance against the Reference Index and performance relative to investment trusts within the Company's peer group over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies. A graph showing the NAV and Reference Index total returns is shown on page 30.
Share Price Performance	**Absolute Performance:** The Board monitors the share price absolute return. **Relative Performance:** The Board also monitors the price at which the Company's shares trade relative to the Reference Index on a total return basis over time A graph showing absolute, relative and share price performance is shown on page 30 and further commentary on the performance of the Company is contained in the Chairman's Statement and Investment Manager's Review.
Share Price Discount/ Premium to NAV	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount/premium by the use of share buybacks and the issuance of new shares or the sale of Treasury shares, subject to market conditions. A graph showing the share price premium/(discount) relative to the NAV is shown on page 30.
Gearing	The Board's aim is to ensure that gearing as a percentage of NAV is kept within the Board's guidelines issued to the Manager as disclosed on page 31.
Competitive Ongoing Charges Ratio	**Absolute Performance:** The Board monitors the longer term trend of the Company's OCR in absolute terms **Relative Performance:** the Board also monitors the relative trend of the OCR versus the Company's peer group, taking into consideration the differing investment policies and objectives employed by those companies.

Performance Track Record

In accordance with the investment objective, the Company's performance is measured over the long term and annualised data covering the last ten years is presented below.

Total Return

	1 year % return	3 year % return	5 year % return	10 year % return
Share price[AB]	+7.2	+18.3	+22.4	+96.8
Net asset value per Ordinary share[A]	+14.1	+29.3	+37.2	+118.0
UK RPI	+7.5	+11.2	+18.9	+32.7
Reference Index[C]	+20.0	+55.5	+66.2	+211.2

[A] Considered to be an Alternative Performance Measure (see page 104 for more details).
[B] Mid to mid.
[C] Reference Index comprising 60% FTSE World ex UK Index/40% FTSE World UK Index up to April 2020 and 100% FTSE All World TR Index from May 2020.
Source: abrdn, Morningstar & Lipper

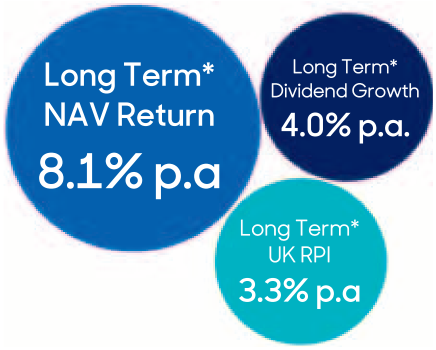
Ten Year Financial Record

Year end	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total revenue (£'000)	55,141	63,717	62,609	67,020	77,333	79,471	77,105	82,417	68,918	**78,737**
Per Ordinary share (p):										
Net asset value	975.8	981.0	966.6	849.0	1,135.7	1,251.4	1,107.8	1,190.0	1,138.2	**1,240.3**
Share price	1,048.0	1,052.0	1,026.0	829.5	1,188.0	1,268.0	1,132.0	1,260.0	1,130.0	**1,156.0**
Net revenue return[A]	39.8	43.8	40.8	45.7	51.2	51.8	49.6	54.1	46.6	**51.7**
Dividends[B]	40.5	43.0	45.0	46.5	47.5	50.0	51.5	53.5	54.5	**55.0**
Dividend cover	0.99x	1.03x	0.91x	0.99x	1.08x	1.04x	0.96x	1.01x	0.86x	**0.94x**
Revenue reserves (£'000)	64,631	68,120	64,690	64,767	70,963	75,252	73,563	75,747	66,764	**62,967**
Shareholders' funds (£'000)	1,192,243	1,236,718	1,240,537	1,091,019	1,447,879	1,599,129	1,419,588	1,539,055	1,461,827	**1,561,066**

[A] Net revenue return per Ordinary share has been based on the average Ordinary share capital during each year (see note 9 on page 87).
[B] The figure for dividends per share reflects the years to which their declaration relates and not the years they were paid.

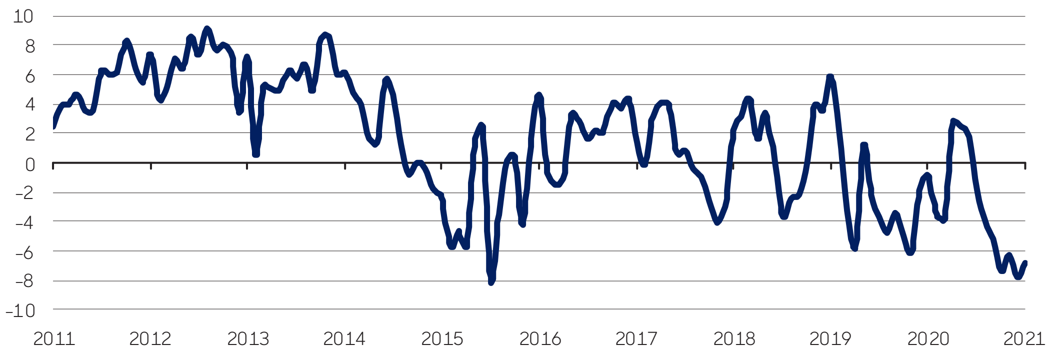
Performance Track Record

Continued



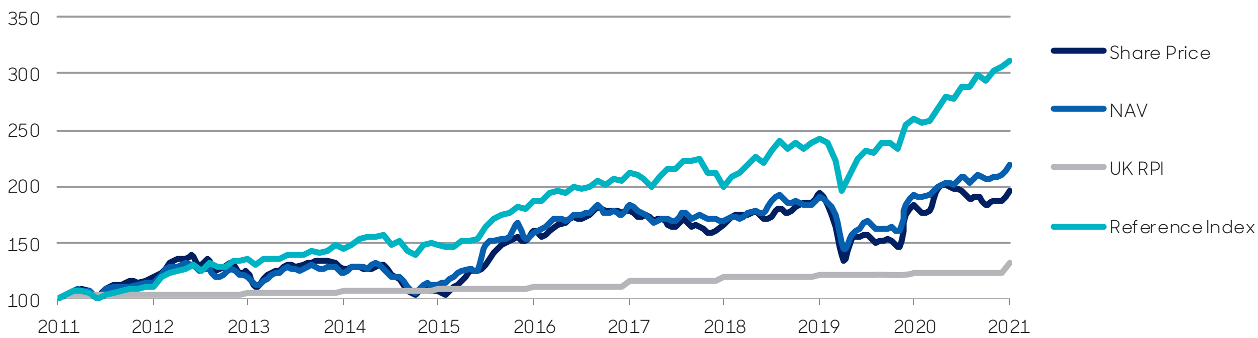
Share Price (Discount)/Premium to NAV (%)

Ten years to 31 December 2021



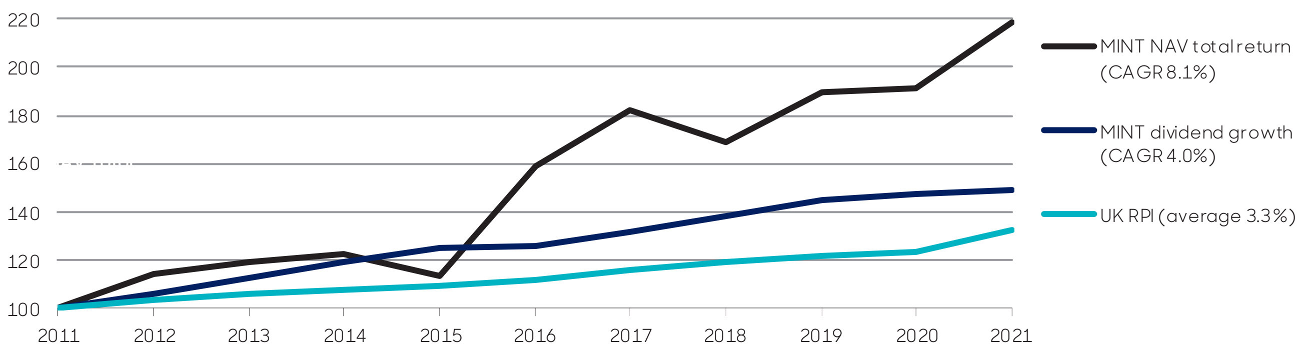
Net Asset Value and Share Price Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2021



Comparison of Net Asset Value Total Return and Dividend Growth to Inflation (figures rebased to 100)

Ten years to 31 December 2021



* Long Term means the average of the last ten years

Investment Objective and Investment Policy

Investment trusts, such as the Company, are long-term investment vehicles. Typically, investment trusts are externally managed, have no employees, and are overseen by an independent non-executive board of directors. Your Company's Board of Directors sets the investment mandate, monitors the performance of all service providers (including the Manager) and is responsible for reviewing strategy on a regular basis. All this is done with the aim of preserving and enhancing shareholder value over the longer term.

Investment Objective

The aim of the Company is to achieve an above average dividend yield, with long-term growth in dividends and capital ahead of inflation, by investing principally in global equities.

Investment Policy

There are a number of elements set out in the investment policy delegated to the Manager which are set out below.

Asset Allocation

The Company's assets are currently invested in a diversified portfolio of international equities and fixed income securities spread across a range of industries and economies. The Company's investment policy is flexible and it may, from time to time, hold other securities including (but not limited to) index-linked securities, convertible securities, preference shares, unlisted securities, depositary receipts and other equity-related securities. The Company may invest in derivatives for the purposes of efficient portfolio management in the furtherance of its investment objective.

The Company's investment policy does not impose any geographical, sectoral or industrial constraints upon the Manager. The Board has set guidelines which the Manager is required to work within. It is the investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts), at the time of purchase. The Company currently does not have any investments in other investment companies. The Manager is authorised to enter into stocklending contracts and the Company plans to undertake limited stocklending activity in the future following the completion of the administrative set-up process.

Risk Diversification

The Manager actively monitors the Company's portfolio and attempts to mitigate risk primarily through diversification. The Company is permitted to invest up to 15% of its investments by value in any single holding (at the time of purchase) although, typically, individual investments do not exceed 5% of the total portfolio.

Gearing

The Board considers that returns to shareholders can be enhanced by the judicious use of borrowing. The Board is responsible for the level of gearing in the Company and reviews the position on a regular basis. Any borrowing, except for short-term liquidity purposes, is used for investment purposes or to fund the purchase of the Company's own shares.

Total gearing will not in normal circumstances exceed 30% of net assets with cash deposits netted against the level of borrowings. At the year end, there was net gearing of 12.2% (calculated in accordance with Association of Investment Companies guidance). Particular care is taken to ensure that any bank covenants permit maximum flexibility in investment policy.

Changes to Investment Policy

Any material change to the investment policy will require the approval of the shareholders by way of an ordinary resolution at a general meeting.

Promoting Your Company's Success

Introduction

The purpose of the Company, which is in its 116th year, is to act as a vehicle to provide, over time, financial returns (both income and capital) to its shareholders. The Company's investment objective is disclosed on page 31. The activities of the Company are overseen by the Board of Directors of the Company.

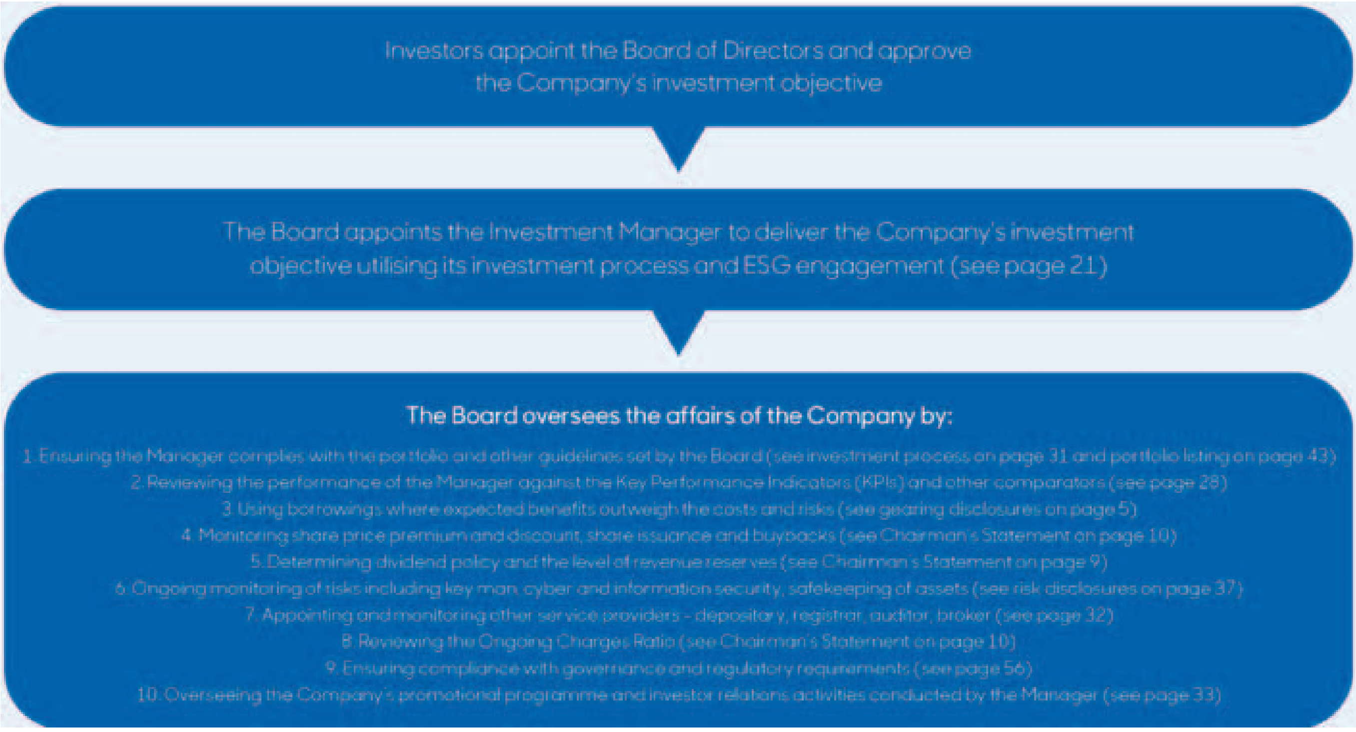
The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 (the "s172 Statement"). This s172 Statement, from 'Introduction' on page 32 to "The Work of the Board and its Principal Decisions" on page 36, provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

Our Culture

The Board seeks to ensure that the Company and the Board operate with a transparent culture where all parties are treated with respect and are provided with the opportunity to offer practical challenge and participate in constructive debate which is focused on achieving the expectations of shareholders and other stakeholders. The Board reviews the culture and manner in which the Manager operates at its regular meetings and receives regular reporting and feedback from the other key service providers.

Our Business Model

The mechanics of how the Company operates are set out below. These mechanics, which have evolved over time, are designed to protect shareholders' interests:



Company Policies

Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated day-to-day management and administrative functions to Aberdeen Standard Fund Managers Limited. There are, therefore, no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined below and on page 60.

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, therefore, is not required to make a slavery and human trafficking statement.

Marketing and Promotional Policy

The Board recognises the importance of communicating the long-term attractions of your Company to current and prospective investors both for improving liquidity and for 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 Manager on behalf of a number of investment companies under its management. The Company also supports the Manager's investor relations programme which involves regional roadshows, promotional and public relations campaigns. The Company's financial contribution to these programmes is matched by the Manager. The Manager reports at least quarterly to the Board providing an analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. It is therefore deemed to be a low user (<40MWH/year) and exempt from Streamlined Energy and Carbon Reporting obligations.

Socially Responsible Investment Policy

The Company supports the UK's Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. While the delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

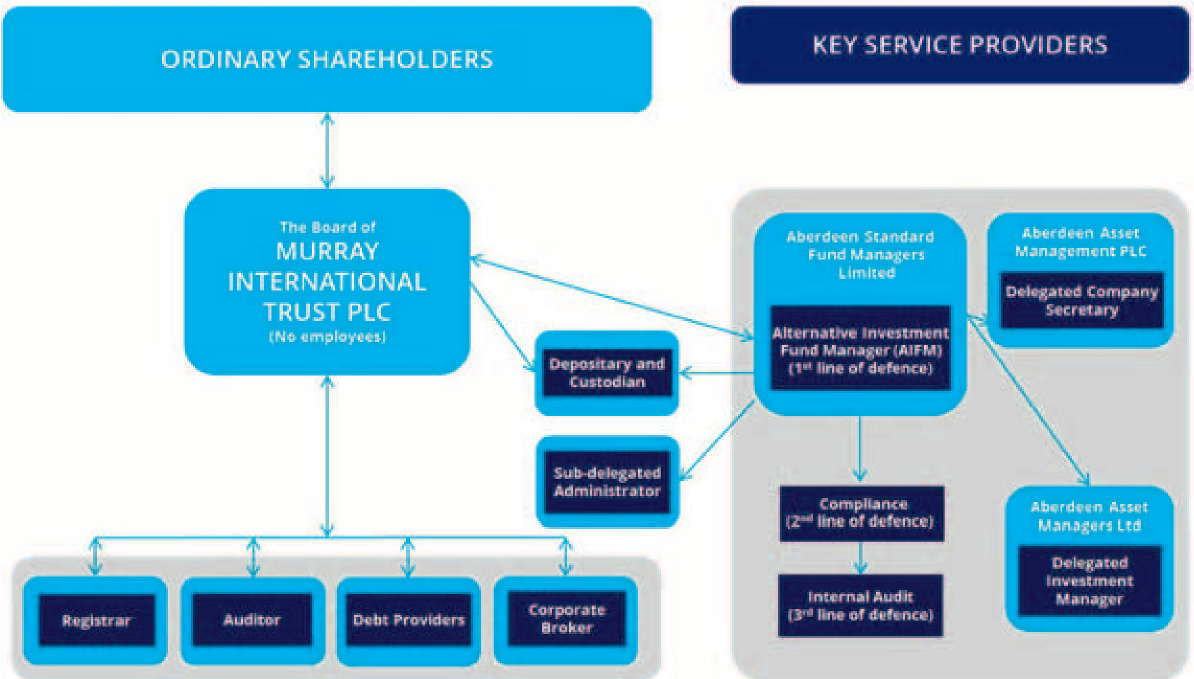
Further details on stewardship may be found on pages 10 and 60.

Board Diversity Policy

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. However, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and, therefore, the Company does not consider it appropriate to set diversity targets. At 31 December 2021, there were two male Directors and two female Directors on the Board.

Our Engagement with Stakeholders

The diagram below illustrates the relationship with the Company and its key stakeholders.



Promoting Your Company's Success

Continued

Shareholders

Shareholders are key stakeholders in the Company – they look to the Manager to achieve the investment objective over time and to deliver a regular growing income together with some capital growth. Therefore the Directors place a great deal of importance on communication with shareholders and the table below provides further details on the various methods of interaction. The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the abrdn Group (either the Company Secretary or the Manager) in situations where direct communication is required and usually a representative from the Board meets with major shareholders on an annual basis in order to gauge their views.

The following table describes some of the ways we engage with our shareholders:

AGM	Ordinarily the AGM provides an opportunity for the Directors to engage with shareholders, answer their questions and meet them informally. The next AGM is scheduled for 22 April 2022 in London. Subject to any developments in respect of the Covid pandemic, the Board very much hopes to be able to hold a normal in-person AGM followed by refreshments and an opportunity for shareholders to meet the Directors.
Online Shareholder Presentation	Following the success of the Online Shareholder Presentation in 2021, the Board has decided to hold another Online Shareholder Presentation in 2022 at 11.00 a.m. on Thursday 7 April 2022 and shareholders are encouraged to register and attend, whether they are planning to attend the AGM or not.
Annual and Half Yearly Reports	We publish a full Annual Report in March/April each year that contains a strategic report, governance section, financial statements and additional information; we also publish a Half Yearly Report each August/September. The reports are available on the Company's website and in paper format and widely distributed to parties who have an interest in the Company's performance.
Company Announcements	We release a full set of financial results at the half year and full year stage. We also issue announcements for all substantive news relating to the Company. Shareholders can find these announcements on the Company's website. Updated net asset value figures are announced on a daily basis.
Monthly Factsheets	The Manager publishes monthly factsheets on the Company's website including commentary on portfolio and market performance.
Website	Our website contains a range of information on the Company and includes up to date performance information as well as a full monthly portfolio listing of our investments. Details of financial results, the investment process and Manager together with Company announcements and contact details can be found here: murray-intl.co.uk.
Other Shareholder Engagement	We seek regular engagement with the Company's major shareholders and also prospective shareholders through annual and interim roadshow meetings undertaken in conjunction with the Manager and Broker. Such regular meetings may take the form of joint presentations with the Investment Manager or meetings directly with a Director where any matters of concern may be raised directly in order to understand their views on governance and performance. In addition, the management team present at brokers' conferences and regularly conduct webcasts and webinars, some of which are available on the Company's website.
Correspondence	The Board welcomes queries from shareholders and responds to letters and emails from shareholders on a range of issues.

The Manager

The key service provider for the Company is the Alternative Investment Fund Manager. The performance of the Manager is reviewed in detail at each Board meeting. The Manager's investment process is outlined on pages 19 and 106 and further information on the Board's oversight of, and engagement with, the Manager is provided below and on page 56.

Other Service Providers

The other key stakeholder group is that of the Company's other third party service providers. The Board is responsible for selecting the most appropriate outsourced service providers and monitoring the relationships with these suppliers regularly in order to review their performance and ensure a constructive working relationship. Our service providers look to the Company to provide them with a clear understanding of the Company's needs in order that those requirements can be delivered efficiently and fairly. The Board, in conjunction with the Management Engagement Committee, ensures that the arrangements with service providers are reviewed at least annually in detail including consideration of complaints. The aim is to ensure that contractual arrangements are good value for money, remain in line with best practice, services being offered meet the requirements and needs of the Company and performance is in line with the expectations of the Board, Manager and other relevant stakeholders. Reviews include those of the Company's depositary and custodian, share registrar and broker. The Audit and Risk Committee reviews the terms of engagement of the auditor.

The Work of the Board and its Principal Decisions

Pursuant to the Board's aim of promoting the long-term success of the Company, the Directors have undertaken the following work and taken the following principal decisions during the year:

Pathway to a Fully Covered Dividend

The Board aims to ensure that dividends received each year from portfolio companies are sufficient to cover the Company's annual dividend payment to shareholders. The Covid-19 pandemic caused significant uncertainty and impacted the level of dividends paid out by portfolio companies and so the Board took the decision in 2020 and again in 2021 to use revenue reserves to top up earnings and to allow the Company to continue to grow its dividends in line with the investment objective. To give the Board as much clarity as possible regarding the path to a fully covered dividend, the Manager has prepared for the Board a detailed three year "bottom up" analysis of the earnings and dividend prospects for each individual holding which is updated periodically and monitored by the Board.

Dividend

The Board's aim is to continue to pay a rising dividend. As in 2020, three interim dividends of 12.0p per share have been declared during the year. The Board is recommending an increased final dividend of 19.0p per share (2020: 18.5p). This is covered 0.94x by revenue income for the year and illustrates the progress made to date in the pathway to a fully covered dividend as described above.

Improvement in Capital Performance

The Board monitors the Manager's delivery of the investment objective through, amongst other things, reviewing the portfolio's performance at every Board meeting. The Board has challenged the Manager to identify new dividend paying investment opportunities that also have attractive growth prospects ; the aim being to improve the capital element of the total return performance. The Board recognises the dual requirement to deliver both income and capital growth for the Company's shareholders. Changes in the portfolio are referred to in the Investment Manager's Review.

ESG and Climate Change

The Board's responsibility for overseeing the work of the Manager is not limited solely to investment performance. The Board also has regard to environmental, social and governance matters that subsist within the portfolio companies. The Board has conducted regular meetings with the Manager and is supportive of the Manager's pro-active approach to ESG and climate change engagement to foster better societal outcomes from, and sustainable business models for, investee companies. At the Board's request, the Manager has continued to improve the quality and content of its ESG and associated reporting to the Board and discussions have taken place on how to improve communication in this area to shareholders and the wider public. During the year, the MSCI ESG rating of the portfolio has improved from 'A' to 'AA'. The Board has reaffirmed its decision not to impose specific exclusion criteria within the Manager's mandate.

Cost Control and OCR

The Board is responsible for controlling the level of costs borne by the Company. During the year, the OCR has reduced from 0.68% to 0.59%. Additionally, the Board has

Promoting Your Company’s Success

Continued

successfully negotiated a reduced investment management fee which became effective from 1 January 2022 resulting in a reduction in the level of management fee. This is expected to result in an annualised cost saving of approximately £750,000 (based upon the current asset base) and should serve to improve further the OCR in future years.

Gearing

The use of gearing is a distinguishing feature of investment trusts and allows the Company to use borrowings to enhance shareholder returns over the longer term. In May 2021, following a detailed Board review of gearing options available, the Company extended part of the Company's long-term borrowings through the issuance of a £50 million 10 year Senior Unsecured Loan Note (the "Loan Note") at an annualised interest rate of 2.24%. The Company used the proceeds of the Loan Note to repay, and cancel in full, the Company's £50 million Revolving Credit Facility, which expired at that time. The new long-term arrangement will provide the Company with certainty in a rising interest rate environment and, in a rising equity market, will enhance Company returns in a cost effective manner.

Share Buybacks

During the year, the Board has continued to review the trading in the Company’s shares and has regularly bought back Ordinary shares at times when the number of sellers has exceeded the number of buyers. The aim of the buybacks is to ensure that the discount to NAV does not become excessive compared amongst other things to the peer group, and to provide further liquidity to the market when it is beneficial to do so. During 2021, 2.5m shares were acquired at a cost of £28.9m.

Directorate

The Board believes that shareholders’ interests are best served by ensuring a smooth and orderly refreshment of the Board, and it has a long-term succession programme in place. This provides continuity and maintains the Board’s open and collegiate style whilst ensuring a diversity of thought backgrounds and experience. Following the death of Simon Fraser in August 2021, Mr Hardie was initially appointed as interim Chairman and the Board undertook a review of its composition and future requirements, appointing Mr Hardie as Chairman in October 2021. Ms Mackesy was appointed Senior Independent Director and Remuneration Committee Chairman in August 2021. An exercise is underway to find a new independent non-executive Director and shareholders will be updated when this process has been completed.

Shareholder Engagement

Given the death of Simon Fraser, the Board decided to seek to engage with major shareholders and the Chairman, in conjunction with the Senior Independent Director, conducted a number of meetings during the year in order to explain plans to refresh the Board and to understand any concerns or issues they may have on this or other issues.

After a period when capital returns in particular have lagged the Company's peers, we also engaged with shareholders during the year to update them on the Board's continued engagement with the Manager about this issue.

Continuing appointment of the Manager

It is the Board’s duty to shareholders to ensure that the Investment Manager delivers on the investment objective. After a period where capital returns in particular have lagged peers, the Board has engaged with abrdn intensively over the year a) to understand fully the reasons for lagging capital returns and b) to encourage a more balanced focus on both the capital as well as income competitiveness of the Company. The continuing appointment of the Manager is formally reviewed annually at the Management Engagement Committee (MEC) which the MEC has confirmed on the same terms subject to the agreed management fee reduction.

Risk Management and Viability

The Board is responsible for setting and monitoring policies designed to manage risk and to ensure the long term viability of the Company.

Risk Management

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. A summary of the principal risks is set out below, together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's shares are published monthly on the Company's fact sheet and can also be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are available on the Company's website.

The Board regularly undertakes a robust review of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The Board collectively discusses with the Manager areas where there may be risks emerging and maintains a register of these. Examples of emerging risks which the Board is monitoring include: the potential for Scottish independence; geopolitical tensions and realignment of trading relationships; and the evolution of post-Covid business models and societal changes. In the event that an emerging risk has gained significant weight or importance, that risk is categorised and added to the Company's risk register and is monitored accordingly. In addition the Manager operates a 'three lines of defence' model over its activities with the abrdn business units responsible for adhering to applicable rules and regulations; the compliance team is then responsible for checking that the rules are being followed and then internal audit is responsible for independently reviewing these arrangements.

The Board has kept the on-going risks related to the Covid-19 pandemic and the impact of the UK leaving the EU ("Brexit") to the Company's investment portfolio and its operations under review.

The influence of the pandemic on stock markets and wider societal trends will continue to be seen for some time to come as different regions of the world move at different speeds into an endemic, rather than pandemic, phase of Covid-19. The consequential uncertainty around areas such as disrupted supply chains, changes in demand for products and services, and labour market constraints may then impact the value of the Company's investments or the level of their future dividend payments. However, the Board notes the Manager's robust and disciplined investment process, which continues to focus on long-term company fundamentals including balance sheet strength and deliverability of sustainable earnings growth, as further described in the Investment Manager's Review on page 14.

Many of the Company's third-party service providers, including the Manager, are likely to continue operating with some form of hybrid working practices. The Board, through the Manager, continues to monitor all third-party service arrangements closely and is pleased to report that it has not to date seen any reduction in the level of service provided to the Company.

Since the expiry of the transition period for the UK leaving the EU ("Brexit") on 1 January 2021, the Board does not believe there has been a significant impact on either the Company's investment portfolio or its operations, but will continue to monitor any longer-term impacts.

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. Further information about the Company's internal controls is included in the Directors' Report on pages 58 and 59.

The Board has prepared its own risk register which identifies potential risks relating to strategy, investment management, shareholders, marketing, gearing, regulatory and financial obligations, third party service providers and the Board. The Board considers the potential cause and possible impact of these risks as well as reviewing the controls in place to mitigate these potential risks. A risk is rated by having a likelihood and an impact rating and the residual risk is plotted on a "heat map" and is reviewed at least twice a year.

Significant matters relating to the work of the Audit and Risk Committee are discussed in the Report of the Audit and Risk Committee on page 65 and further detail on financial risks and risk management is disclosed in note 18 to the financial statements. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the current financial year.

Risk Management and Viability

Continued

Principal Risks	Trend	Mitigating Action
Investment strategy and objectives – if the Company's investment objective becomes unattractive and the Company fails to adapt to changes in investor demand (including in relation to ESG and climate change) the Company may become unattractive to investors, leading to decreased demand for its shares and a widening discount.		The Board keeps the level of discount and/or premium at which the Company's shares trade as well as the investment objective and policy under review. The Board holds an annual strategy meeting where it reviews updates from the Manager and investor relations reports, and the Broker reports on the market. In addition, the Board is updated at each Board meeting on the make up of and any movements in the shareholder register. The Directors attend meetings with, and respond to correspondence from, shareholders to keep abreast of investor opinion.
Investment Portfolio Performance Risk – if the longer-term performance of the investment portfolio does not deliver income and/or capital returns in line with the investment objective and/or consistently underperforms market expectations, the Company may become unattractive to investors leading to decreased demand for its shares and a widening discount.		The Board reviews the investment portfolio performance at each Board meeting and, amongst other things, seeks explanations from the Manager where performance deviates from expectations on either an absolute or relative basis. In addition, the Directors attend meetings with, and respond to correspondence from, shareholders to keep abreast of investor opinion. The Board considers the Manager's appointment annually at the Management Engagement Committee meeting where performance is comprehensively reviewed alongside other metrics relevant to reappointment.
Operational Risks – the Company is dependent on third parties (and the abrdn Group in particular) for the provision of all services and systems. Any fraud, control failures, cyber threats, business continuity issues at, or poor service from, these third parties could result in financial loss or reputational damage to the Company.		The Board receives reports from the Manager on internal controls and risk management at each Board meeting. It receives assurances from all its significant service providers including the depositary, as well as back to back assurance from the Manager at least annually. Further details of the internal controls which are in place are set out in the Directors' Report on pages 58 and 59.
Financial Risks – the level of the Company's gearing, if inappropriate, and the financial risks associated with the portfolio, including the impact of movements in foreign currency exchange rates, could result in capital losses and/or reduced income for the Company.		The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Manager together with the assets and liabilities of the Company and reviews these at each Board meeting. In addition, ASFML, as Alternative Investment Fund Manager, in conjunction with the Board, has set an overall leverage limit of 2.0x on a commitment basis (2.5x on a gross notional basis) and provides regular updates to the Board (see page 111). The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated in conjunction with the Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 18 to the financial statements.

Viability Statement

The Company does not have a fixed period strategic plan but the Board formally considers risks and strategy at least annually. The Board considers the Company, with no fixed life, to be a long-term investment vehicle but, for the purposes of this viability statement, has decided that a period of five years is an appropriate period over which to report. 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 considered the operational resilience of the Company including the regular updates and reporting received from the Manager and have focused upon the following factors:

- The principal and emerging risks detailed in the Strategic Report on pages 37 to 39;
- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's shares evidenced by the historical level of premium and/or discount;
- The level of income generated by the Company;
- The need to ensure that that the Manager and the Company's other third party service providers have suitable processes and controls in place to enable them to continue to provide their services to the Company within the context of the ongoing Covid-19 pandemic;
- The liquidity of the Company's portfolio - over 91.5% of the investments are categorised as level 1, held within active markets and realisable within seven days; and
- The profile of the Company's £200 million loan facilities and Loan Notes which mature between May 2022 and May 2031 and the ability of the Company to refinance or repay the £60m facility that matures in May 2022.

Accordingly, taking into account the Company's current position, the fact that the Company's investments are mostly liquid 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 to meet its liabilities as they fall due for a period of five years from the date of this Report. In making this assessment, the Board has considered scenario modelling prepared by the Manager which analysed the impact of matters such as significant economic and stock market volatility which could result in a substantial reduction in the liquidity of the portfolio, changes in investor sentiment or a significant reduction in earnings which could all have an impact on the assessment of the Company's prospects and viability in the future.

David Hardie
Chairman
3 March 2022

Portfolio

The Company invests in Unilever a multinational consumer goods company specialising in food, personal care and cleaning products

The Company maintains a diversified portfolio of investments. At the year end, the Company's portfolio consisted of 51 equity and 20 bond holdings. The Manager is authorised by the Board to hold between 45 and 150 investments in the portfolio.

Ten Largest Investments

As at 31 December 2021

Taiwan Semiconductor Manufacturing

Taiwan Semiconductor Manufacturing is one of the largest integrated circuit manufacturers in the world. The company is involved in component design, manufacturing, assembly, testing and mass production of integrated circuits.

GlobalWafers

The company specialises in manufacturing silicon wafers for the global semiconductor industry. The company is vertically integrated, having production capability for wafer slicing, etching, diffusion and polishing. Finished products are sold to all leading technology companies worldwide.

Aeroporto del Sureste

Grupo Aeroporto del Sureste operates airports in Mexico. The company holds long-term concessions to manage airports in leading tourist resorts and major cities.

Broadcom Corporation

Broadcom designs, develops and markets digital and analogue semiconductors. The company offers wireless components, storage adaptors, networking processors, switches, fibre optic modules and optical sensors. Broadcom markets its products worldwide.

CME Group

Based in Chicago, USA CME Group operates a derivatives exchange that trades futures contracts and options, interest rates, stock indexes, foreign exchange and commodities.

Philip Morris International

Spun out from the Altria Group in 2008, Philip Morris International is one of the world's leading global tobacco companies. It manufactures and sells leading recognisable brands such as Marlboro, Parliament and Virginia Slims.

Unilever

Unilever is a multinational consumer goods group which is focused in the areas of home care, beauty & personal care and food products.

AbbVie

AbbVie Inc is a global pharmaceutical company, producing a broad range of drugs for use in speciality therapeutic areas such as immunology, chronic kidney disease, oncology and neuroscience.

Samsung Electronics

Korean based Samsung Electronics manufactures a wide range of consumer and industrial electronic equipment and products such as semiconductors, computers, monitors, peripherals, televisions and home appliances. The company also has significant global market share of the mobile phone handsets and telecommunication equipment.

Verizon Communications

Verizon Communications is an integrated telecommunications company based in New York that provides wire line voice and data services, wireless services, internet services and published directory information.

List of Investments

Company	Country	Valuation 2021 £'000	Total assets[A] %	Valuation 2020[B] £'000
Taiwan Semiconductor Manufacturing	Taiwan	**82,058**	4.7	82,638
GlobalWafers	Taiwan	**71,090**	4.0	55,300
Aeroporto del Sureste	Mexico	**70,058**	4.0	72,113
Broadcom Corporation	USA	**58,956**	3.3	38,438
CME Group	USA	**57,349**	3.3	45,256
Philip Morris International	USA	**49,097**	2.8	42,360
Unilever[C]	UK & Netherlands	**45,390**	2.6	24,401
AbbVie	USA	**44,985**	2.5	31,316
Samsung Electronics	Korea	**44,298**	2.5	48,868
Verizon Communications	USA	**38,362**	2.2	42,942
Top ten investments		**561,643**	31.9	
TotalEnergies	France	**37,471**	2.1	31,597
Oversea-Chinese Bank	Singapore	**37,459**	2.1	33,411
Cisco Systems	USA	**37,423**	2.1	26,178
Tryg	Denmark	**35,496**	2.0	20,747
Telus	Canada	**34,824**	2.0	28,918
Atlas Copco	Sweden	**32,574**	1.9	26,402
Pepsico	USA	**32,063**	1.8	27,104
Epiroc	Sweden	**31,306**	1.8	32,285
BHP Group	Australia	**30,786**	1.8	26,950
Roche Holdings	Switzerland	**30,719**	1.7	51,146
Top twenty investments		**901,764**	51.2	
Taiwan Mobile	Taiwan	**30,688**	1.7	29,612
British American Tobacco	UK	**30,041**	1.7	29,788
Bristol-Myers Squibb	USA	**29,922**	1.7	–
Sociedad Quimica Y Minera de Chile	Chile	**29,780**	1.7	46,657
Hon Hai Precision Industry	Taiwan	**27,753**	1.6	23,927
Vale do Rio Doce	Brazil	**27,540**	1.6	32,664
Sanofi	France	**26,027**	1.5	–
Zurich Insurance	Switzerland	**25,956**	1.5	24,729
Nutrien	Canada	**25,291**	1.4	16,025
Siam Commercial Bank	Thailand	**25,262**	1.4	19,174
Top thirty investments		**1,180,024**	67.0	

List of Investments

Continued

Company	Country	Valuation 2021 £'000	Total assets[A] %	Valuation 2020[B] £'000
Johnson & Johnson	USA	**25,254**	1.4	23,005
Telkom Indonesia	Indonesia	**25,114**	1.4	20,681
TC Energy	Canada	**24,029**	1.4	20,785
Enel	Italy	**23,660**	1.3	18,520
Singapore Telecommunications	Singapore	**22,870**	1.3	23,016
Nordea Bank	Sweden	**22,552**	1.3	–
Kimberly Clark de Mexico	Mexico	**22,331**	1.3	24,944
Royal Dutch Shell	UK	**22,065**	1.3	17,128
China Resources Land	China	**21,743**	1.2	21,217
Enbridge	Canada	**21,651**	1.2	–
Top forty investments		**1,411,293**	80.1	
Banco Bradesco	Brazil	**19,859**	1.1	27,461
Ping An Insurance	China	**19,143**	1.1	26,875
China Vanke	China	**18,875**	1.1	–
Schlumberger	USA	**17,690**	1.0	12,770
Telenor	Norway	**17,406**	1.0	18,699
Castrol India	India	**17,061**	1.0	17,164
Lotus Retail Growth	Thailand	**16,687**	0.9	19,901
Republic of Indonesia 6.125% 15/05/28[D]	Indonesia	**15,799**	0.9	15,746
MTN	South Africa	**15,794**	0.9	5,995
Republic of South Africa 7% 28/02/31[D]	South Africa	**15,590**	0.9	17,074
Top fifty investments		**1,585,197**	90.0	
Telefonica Brasil	Brazil	**14,497**	0.8	14,696
America Movil Sab De 6.45% 05/12/22[D]	Mexico	**14,235**	0.8	14,901
United Mexican States 5.75% 05/03/26[D]	Mexico	**13,601**	0.8	15,365
Petroleos Mexicanos 6.75% 21/09/47[D]	Mexico	**13,031**	0.7	13,717
Indocement Tunggal Prakarsa	Indonesia	**12,432**	0.7	15,048
Republic of Dominica 6.85% 27/01/45[D]	Dominican Republic	**12,191**	0.7	13,350
Republic of Indonesia 8.375% 15/03/34[D]	Indonesia	**11,618**	0.7	12,128
Vodafone Group	UK	**10,096**	0.6	10,885
HDFC Bank 7.95% 21/09/26[D]	India	**7,928**	0.5	8,209
Power Finance Corp 7.63% 14/08/26[D]	India	**7,825**	0.4	7,922
Top sixty investments		**1,702,651**	96.7	

Company	Country	Valuation 2021 £'000	Total assets[A] %	Valuation 2020[B] £'000
Petroleos Mexicanos 5.5% 27/06/44[D]	Mexico	**7,275**	0.4	7,519
Republic of Indonesia 10% 15/02/28[D]	Indonesia	**4,710**	0.3	4,833
ICICI Bank 7.42% 27/06/24[D]	India	**4,646**	0.3	4,782
Santander 10.375% Non Cum Pref[D]	UK	**4,025**	0.2	3,680
General Accident 7.875% Cum Irred Pref[D]	UK	**3,612**	0.2	3,808
Republic of Ecuador 0.5% 31/07/35[D]	Ecuador	**3,101**	0.2	2,556
Republic of Turkey 9% 24/07/24[D]	Turkey	**3,061**	0.2	6,544
Republic of Turkey 8% 12/03/25[D]	Turkey	**2,962**	0.2	6,638
Republic of Ecuador 0.5% 31/07/30[D]	Ecuador	**2,372**	0.1	1,833
Republic of Ecuador 0.5% 31/07/40[D]	Ecuador	**644**	–	556
Top seventy investments		**1,739,059**	98.8	
Republic of Ecuador 0.0% 31/07/30[D]	Ecuador	**253**	–	212
Total investments		**1,739,312**	98.8	
Net current assets[A]		**21,568**	1.2	
Total assets[E]		**1,760,880**	100.0	

[A] Excluding bank loans.
[B] The 2020 column denotes the Company's holding at 31 December 2020.
[C] The 2021 holding comprises UK and Netherlands securities, split £23,670,000 and £21,720,000 respectively.
[D] Quoted preference share or bond.
[E] See definition on page 113.

Summary of Net Assets

	Valuation 31 December 2021 £'000	%	Valuation 31 December 2020 £'000	%
Equities	**1,590,833**	**101.9**	1,455,675	99.6
Preference shares	**7,637**	**0.5**	7,488	0.5
Bonds	**140,842**	**9.0**	183,242	12.6
Total investments	**1,739,312**	**111.4**	1,646,405	112.7
Net current assets	**21,568**	**1.4**	15,227	1.0
Total assets	**1,760,880**	**112.8**	1,661,632	113.7
Prior charges[A]	**(199,814)**	**(12.8)**	(199,805)	(13.7)
Net assets	**1,561,066**	**100.0**	1,461,827	100.0

[A] See definition on page 113.

Sector/Geographical Analysis

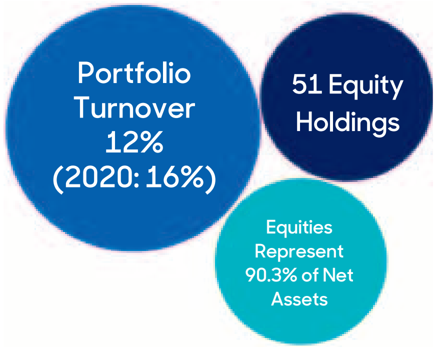
Sector/Geographical Analysis	United Kingdom %	North America %	Europe ex UK %	Asia Pacific ex Japan %	Latin America %	Africa %	2021 Total %	2020 Total %
Energy	1.3	3.6	2.1	–	–	–	**7.0**	4.9
Oil Gas and Coal	1.3	3.6	2.1	–	–	–	**7.0**	4.9
Basic Materials	–	1.4	–	2.7	3.3	–	**7.4**	8.4
Chemicals	–	1.4	–	1.0	1.7	–	**4.1**	4.8
Industrial Metals and Mining	–	–	–	1.7	1.6	–	**3.3**	3.6
Industrials	–	–	3.7	0.7	4.0	–	**8.4**	10.2
Construction & Materials	–	–	–	0.7	–	–	**0.7**	0.9
General industrials	–	–	–	–	–	–	**–**	0.6
Industrial Engineering	–	–	3.7	–	–	–	**3.7**	3.5
Industrial Transportation	–	–	–	–	4.0	–	**4.0**	5.2
Consumer Staples	3.0	4.6	1.2	–	1.3	–	**10.1**	9.8
Beverages	–	1.8	–	–	–	–	**1.8**	1.6
Personal Care Drug and Grocery Stores	1.3	–	1.2	–	1.3	–	**3.8**	3.0
Tobacco	1.7	2.8	–	–	–	–	**4.5**	5.2
Health Care	–	5.7	3.2	–	–	–	**8.9**	7.9
Pharmaceuticals & Biotechnology	–	5.7	3.2	–	–	–	**8.9**	7.9
Telecommunications	0.6	6.3	1.0	5.2	–	0.9	**14.0**	13.5
Telecommunications Service Providers	0.6	4.2	1.0	5.2	–	0.9	**11.9**	11.9
Telecommunications Equipment	–	2.1	–	–	–	–	**2.1**	1.6
Utilities	–	–	1.3	–	–	–	**1.3**	1.1
Electricity	–	–	1.3	–	–	–	**1.3**	1.1

Sector/Geographical Analysis	United Kingdom %	North America %	Europe ex UK %	Asia Pacific ex Japan %	Latin America %	Africa %	2021 Total %	2020 Total %
Financials	–	3.3	4.8	4.6	1.1	–	**13.8**	12.8
Banks	–	–	1.3	3.5	1.1	–	**5.9**	5.8
Investment Banking and Brokerage Services	–	3.3	–	–	–	–	**3.3**	2.7
Life Insurance	–	–	–	1.1	–	–	**1.1**	1.6
Nonlife Insurance	–	–	3.5	–	–	–	**3.5**	2.7
Real Estate	–	–	–	3.2	–	–	**3.2**	2.5
Real Estate Investment and Services	–	–	–	2.3	–	–	**2.3**	1.3
Real Estate Investment Trusts	–	–	–	0.9	–	–	**0.9**	1.2
Technology	–	3.4	–	12.8	–	–	**16.2**	16.5
Technology Hardware & Equipment	–	3.4	–	12.8	–	–	**16.2**	16.5
Total equities	4.9	28.3	17.3	29.2	9.7	0.9	**90.3**	87.6
Preference shares and bonds	0.4	–	0.4	3.1	3.7	0.9	**8.5**	11.5
Total investments	5.3	28.3	17.7	32.3	13.4	1.8	**98.8**	99.1
Net current assets							**1.2**	0.9
Total assets[A]							**100.0**	100.0

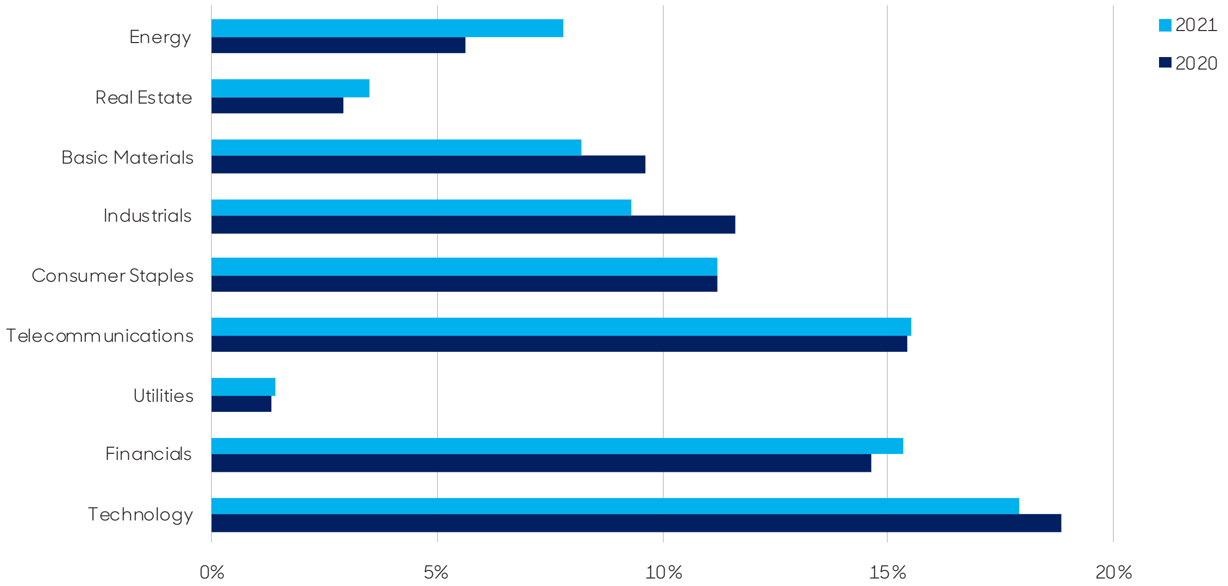
[A] See definition on page 113.

Sector/Geographical Analysis

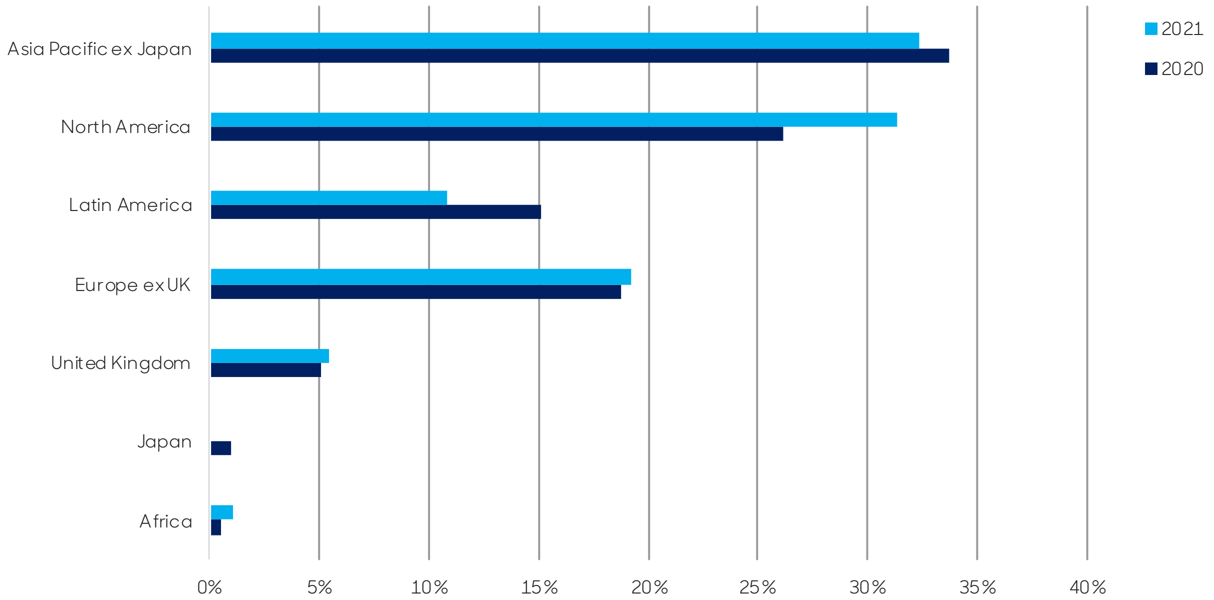
Continued

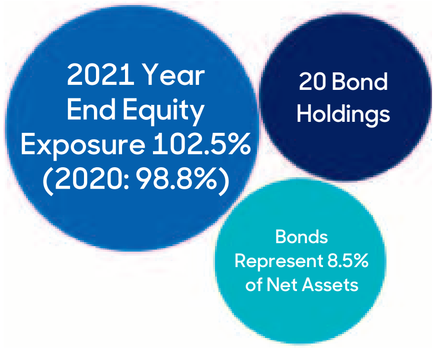


Total Equities Distribution by Sector

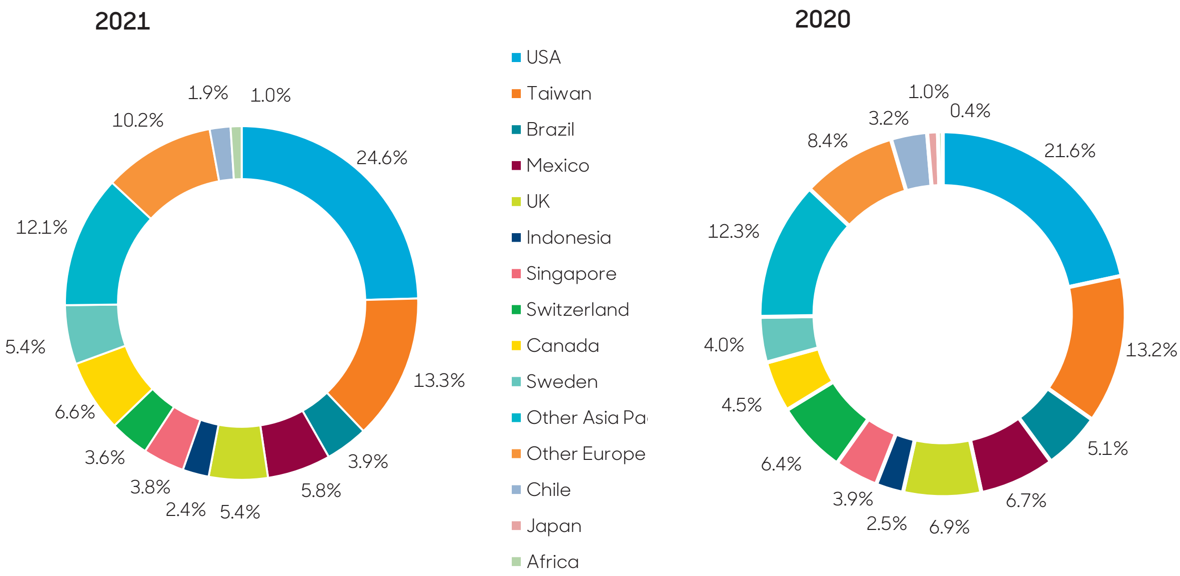


Total Equities Distribution by Geographic Region

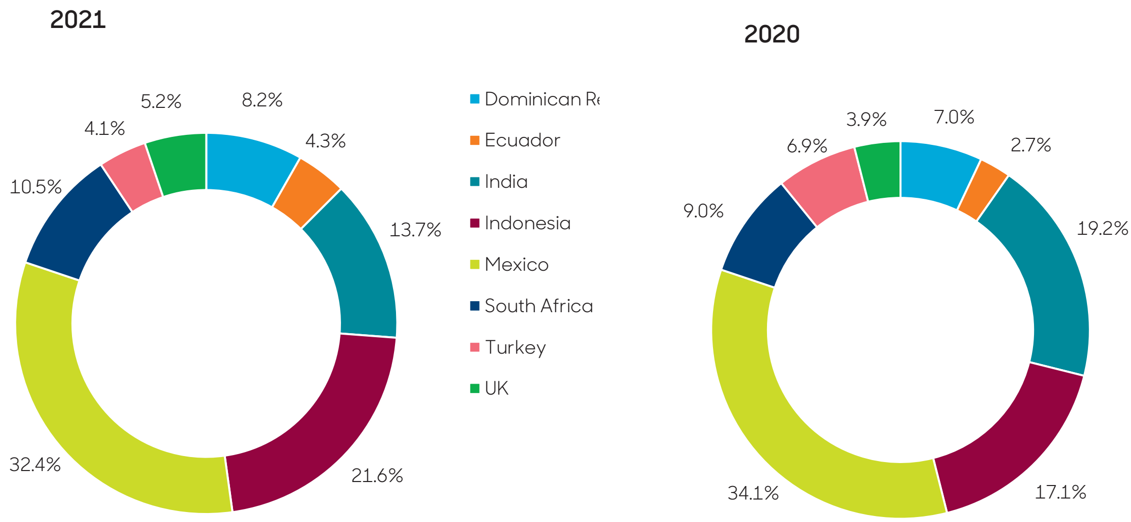




Equities by Country



Preference Shares and Bonds by Country



Governance

The Company invests in GlobalWafers, a Taiwanese tech manufacturing company and silicon wafer supplier

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

Board of Directors

David Hardie

Chairman and Independent Non-Executive Director

Experience

David is a corporate lawyer by background and was formerly a partner of UK law firm, Dundas & Wilson (now part of CMS), where he was a partner for over 30 years and where he held various positions including head of corporate, managing partner and chairman. David is also a non-executive chairman of WNL Investments Limited.

Length of Service:
He was appointed a Director on 1 May 2014

Last re-elected to the Board:
23 April 2021

Contribution:
The Nomination Committee has reviewed the contribution of Mr Hardie in light of his forthcoming re-election at the AGM to be held in April 2022 and has concluded that he has assumed the role of Chairman with ease, leading the Company with skill and expertise as well as continuing to provide a wealth of legal experience and insight to the Board's deliberations through the year.

Committee membership:
Management Engagement Committee (Chairman) and Nomination Committee (Chairman)

Employment by the Manager:
None

Other connections with Trust, Manager or other Directors:
None

Shareholding in Company:
15,643 Ordinary shares

Claire Binyon

Independent Non-Executive Director

Experience:
Claire is a chartered accountant who, following an early career in the City, held senior corporate development and strategic planning roles with global multinational businesses including inBev, Cadbury, DS Smith and Fenner (a Michelin group company). She is a non-executive director of JPMorgan American Investment Trust PLC.

Length of service:
She was appointed a Director on 1 May 2018

Last re-elected to the board:
23 April 2021

Contribution:
The Nomination Committee has reviewed the contribution of Ms Binyon in light of her forthcoming re-election at the AGM in April 2022 and has concluded that Ms Binyon continues to provide excellent global strategic and financial insight to the Board as well as proficiently chairing the Audit and Risk Committee with due focus on the significant areas of accounting financial risk.

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

Employment by the Manager:

None

Other connections with Trust, Manager or other Directors:
None

Shareholding in Company:
1,213 Ordinary shares

Alexandra Mackesy

Senior Independent Non-Executive Director

Experience:
Alexandra is a former equity analyst, having spent the majority of her executive career in Asia with SBC Warburg, JP Morgan and Credit Suisse. She has some 18 years of experience as a director of UK listed investment trusts and is currently chairman of JPMorgan China Growth & Income trust plc and a non-executive director of The Henderson Smaller Companies Trust plc. She is also a director of Board Level Partners Ltd, which provides board advisory services.

Length of Service:
She was appointed a Director on 1 May 2016

Last re-elected to the Board:
23 April 2021

Contribution:
The Nomination Committee has reviewed the contribution of Mrs Mackesy in light of her forthcoming re-election at the AGM to be held in April 2022 and concluded that she has provided significant investment insight and investment trust expertise to the Board during the year as well as seamlessly assuming the role of chairman of the Remuneration Committee.

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

Employment by the Manager:
None

Other connections with Trust, Manager or other Directors:
None

Shareholding in Company:
975 Ordinary shares

Nicholas Melhuish

Independent Non-Executive Director

Experience:
Nicholas joined Corpus Christi College, Oxford as Fellow and Bursar in 2018 following a portfolio management career most recently as Head of Global Equities at Amundi SA. He is a non executive director of JPMorgan Claverhouse Investment Trust PLC, a trustee of the Trusthouse Charitable Foundation and a director and trustee of The London Clinic. He also lectures at the Saïd Business School at Oxford University on Asset Management.

Length of Service:
He was appointed a Director on 1 May 2021

Last re-elected to the Board:
Proposed election to the Board at the April 2022 AGM

Contribution:
The Nomination Committee has reviewed the contribution of Mr Melhuish in light of his forthcoming election at the AGM to be held in April 2022 and concluded that he has already, in the short period of time since his appointment to the board, delivered excellent global investment insight and challenge.

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

Employment by the Manager:
None

Other connections with Trust, Manager or other Directors:
None

Shareholding in Company:
2,563 Ordinary shares

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

Results and Dividends
Details of the Company's results and proposed dividends are shown on pages 29 and 4 of this Report.

Investment Trust Status
The Company is registered as a public limited company (registered in Scotland No. SC006705) and has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 January 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2021 so as to enable it to comply with the ongoing requirements for investment trust status.

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

Capital Structure
The Company's capital structure is summarised in note 14 to the financial statements. At 31 December 2021, there were fully 125,861,856 paid Ordinary shares of 25p each (2020 –128,438,662 Ordinary shares) in issue. At the year end there were 3,550,147 Ordinary shares held in Treasury (2020 – 973,341).

Share Buybacks
During the year 2,576,806 Ordinary shares were purchased in the market for Treasury (2020 – 973,341). Subsequent to the year end, a further 426,838 Ordinary shares have been purchased for Treasury at a discount to the prevailing NAV per share.

Share Rights
Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares carry a right to receive dividends and on a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

Borrowings
In May 2021 the Company issued a £50 million 10 year Senior Unsecured Loan Note (the "Loan Note") at an annualised interest rate of 2.24%. The Loan Note is unsecured, unlisted and denominated in sterling. The Loan Note ranks pari passu with the Company's other unsecured and unsubordinated financial indebtedness.

The Company used the proceeds of the Loan Note to repay, and cancel in full, the Company's £50 million Revolving Credit Facility with The Royal Bank of Scotland International Limited, London Branch.

An additional £150 million is also available for drawdown by the Company under the new Loan Note facility for a five year period, with the Board's current intention to draw this down only to repay any of the Company's existing debt.

Management and Secretarial Arrangements
The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly owned subsidiary of abrdn plc, as its alternative investment fund manager under the terms of an investment management agreement dated 14 July 2014 (as amended). Under the terms of the agreement, the Company's portfolio is managed by Aberdeen Asset Managers ("AAM") by way of a group delegation agreement in place between ASFML and AAM. Investment management services are provided to the Company by ASFML. Company secretarial, accounting and administrative services have been delegated by ASFML to Aberdeen Asset Management PLC.

Up to 31 December 2021, the annual management fee was charged on net assets (ie excluding borrowings for investment purposes), averaged over the six previous quarters ("Net Assets") on the following tiered basis: 0.5% of Net Assets up to £1,200m and 0.425% of Net Assets above £1,200m.

With effect from 1 January 2022, the management fee is charged at the rate of 0.5% per annum of Net Assets up to £500m and 0.4% per annum of Net Assets above £500m. Save for the aforementioned changes, all other terms and conditions contained in the Company's Management Agreement dated 14 July 2014 (as amended)
remain unaltered.

A fee of 1.5% per annum remains chargeable on the value of any unlisted investments. The investment management fee is chargeable 30% against revenue and 70% against realised capital reserves in line with the Board's long-term expectation of returns from revenue and capital. No fees are charged in the case of investments managed or advised by the abrdn Group. The management agreement may be terminated by either party on the expiry of six months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due up to that date.

The Board considers the continued appointment of the Manager on the terms agreed to be in the interests of the shareholders as a whole because the abrdn Group has the investment management, secretarial, promotional and administrative skills and expertise required for the effective operation of the Company.

The Board

The Board currently consists of four non-executive Directors.

The names and biographies of the current Directors are disclosed on pages 52 and 53 indicating their range of experience as well as length of service. Dr Carter and Ms Campbell retired from the Board on 23 April 2021 and Mr Fraser died on 9 August 2021 following a short illness.

The Directors will retire at the AGM in April 2022 and, with the exception of Mr Melhuish, each Director will stand for re-election (with Mr Melhuish standing for election).

The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively. The reasons for the re-election, where relevant, of the individual Directors are set out on pages 52 and 53.

In common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company. The Company's Articles of Association provide an indemnity to the Directors out of the assets of the Company against any liability incurred in defending proceedings or in connection with any application to the Court in which relief is granted.

The Role of the Chairman and Senior Independent Director

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

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

Management of Conflicts of Interest

No Director has a service contract with the Company although Directors are issued with letters of appointment upon appointment. The Directors' interests in contractual arrangements with the Company are as shown in note 21 to the financial statements and the Directors' Remuneration Report. No Directors had any other interest in contracts with the Company during the period or subsequently.

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the Directors are required to disclose 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 their 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. All proposed significant external appointments are also required to be approved, in advance, by the Chairman and then communicated to other Directors for information.

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Manager also adopts a group-wide zero tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Manager's anti-bribery and corruption policies are available on its website.

Directors' Report

Continued

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

Corporate Governance

The Corporate Governance Statement forms part of the Directors' Report. The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: frc.org.uk.

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

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

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

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

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 the Company's website, murray-intl.co.uk.

The table below details Directors' attendance at scheduled Board and Committee meetings held during the year ended 31 December 2021 (with eligibility to attend the relevant meeting in brackets). In addition there were a number of other ad hoc Board meetings held during the year.

	Scheduled Board	Audit Com	Nom Com	MEC	Rem Com
D Hardie [A]	6 (6)	1 (1)	1 (1)	1 (1)	n/a
C. Binyon	6 (6)	3 (3)	1 (1)	1 (1)	1 (1)
A Mackesy	6 (6)	3 (3)	1 (1)	1 (1)	1 (1)
N Melhuish [B]	4 (4)	2 (2)	n/a	n/a	1 (1)
M Campbell [C]	2 (2)	1 (1)	n/a	1 (1)	n/a
K J Carter [C]	2 (2)	n/a	n/a	n/a	n/a
S Fraser [D]	3 (3)	1 (1)	n/a	1 (1)	n/a

[A] Mr Hardie was appointed interim Chairman in August 2021 and Chairman in October 2021 and the Chairman is not a member of either the Audit and Risk Committee or the Remuneration Committee but attended all Committee meetings by invitation

[B] Mr Melhuish was appointed to the Board on 1 May 2021

[C] Dr Carter and Ms Campbell retired from the Board on 23 April 2021

[D] Mr Fraser died on 9 August 2021

Board Committees

Terms of Reference

The terms of reference of all the Board Committees may be found on the Company's website murray-intl.co.uk and copies are available from the Company Secretary upon request. The terms of reference are reviewed and re-assessed by the Board for their adequacy on an annual basis.

Audit and Risk Committee

The Report of the Audit and Risk Committee is on pages 64 and 65 of this Annual Report.

Management Engagement Committee ("MEC")

The MEC comprises all of the Directors. Mr Hardie is the Chairman. The Committee reviews the performance of the Manager and its compliance with the terms of the management and secretarial agreement. The terms and conditions of the Manager's appointment, including an evaluation of fees, are reviewed by the Committee on an annual basis. The Committee believes that the continuing appointment of the Manager on the terms that have been agreed is in the interests of shareholders as a whole. The Committee is also responsible for the oversight and annual review of all other key service provider relationships.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises the entire Board and is chaired by Mr Hardie. The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board also recognises the benefits of diversity and its policy on diversity is referred to in the Strategic Report on page 33. When board positions become available as a result of retirement or resignation, the Company ensures that a diverse group of candidates is considered.

The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board. The Board also takes the view that independence is not necessarily compromised by length of tenure on the Board. However, in compliance with the provisions of the AIC Code, it is expected that Directors will serve in accordance with the time limits laid down by the AIC Code. It is the policy of the Board that the Chairman of the Company should retire once he or she has served as a Director for nine years in line with current best practice of the Financial Reporting Council. However there could be circumstances where it might be appropriate to ask a Chairman to stay on for a limited period and the reasons for the extension will be fully explained to shareholders and a timetable for the departure of the Chairman clearly set out.

As part of its succession plans, the Company has initiated a search for a new independent non-executive Director using the services of an independent external recruitment consultant that has no other connections with the Company. A key requirement of the recruitment process is to ensure the continuity of the Board's open and inclusive culture, policies and practices which are judged to be essential to the future success of the Company. The Company will update shareholders as soon as a new appointment has been made.

The Committee has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' individual self evaluation and a performance evaluation of the Board as a whole. An external evaluation was undertaken in 2018 by Stephenson & Co. an independent external board evaluation service provider that does not have any other connections with the Company. The 2021 external evaluation was postponed following the death of Simon Fraser and the next externally facilitated Board evaluation is now scheduled to be completed during 2022. In 2021 questionnaires covering the Board, individual Directors, the Chairman and the Audit and Risk Committee Chairman were completed. The Chairman then met each Director individually to review their responses and the Senior Independent Director met the Chairman to provide evaluation feedback. This evaluation highlighted certain areas of further focus such as continuing professional development as well as areas of focus for the current recruitment process. Overall, the Committee has concluded that the Board has a relevant balance of experience and knowledge of investment markets, legal regulation and financial accounting and continues to work in a collegiate and effective manner.

In accordance with Principle 23 of the AIC's Code of Corporate Governance which recommends that all directors of investment companies should be subject to annual re-election by shareholders, all the members of the Board, will retire at the forthcoming Annual General Meeting and will offer themselves for re-election (with Mr Melhuish offering himself for election). In conjunction with the evaluation feedback, the Committee has reviewed each of the proposed reappointments and concluded that each of the Directors has the requisite high level and range of business and financial experience and recommends their re-election at the forthcoming AGM. Details of the contributions provided by each Director during the year are disclosed on pages 52 and 53.

Remuneration Committee

The level of fees payable to Directors is considered by the Remuneration Committee which comprises the entire Board excluding the Chairman who attends by invitation and which was chaired by Mr Hardie up to August 2021 and thereafter by Mrs Mackesy.

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. Further information on remuneration is disclosed in the Directors' Remuneration Report on pages 61 to 63.

Going Concern

The Directors have undertaken a robust review of the Company's viability (refer to statement on page 39) and ability to continue as a going concern. The Company's assets consist of a diverse portfolio of listed equity shares and bonds. The equities and a majority of the bond portfolio are, in most circumstances, realisable within a very short timescale.

The Company has a £60 million loan facility which is due to mature in May 2022. The Directors are currently reviewing options to replace the facility including the use of the Loan Note Shelf Facility. If acceptable terms are available, the Company expects to continue to access a similarly sized level of gearing. However, should the Board decide not to replace the facility any maturing debt would be repaid through the proceeds of equity and/or bond sales.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 37 and 38 including the continuing global economic disruption caused by the Covid-19 pandemic and have reviewed forecasts detailing revenue and liabilities. Notwithstanding the continuing uncertain economic environment, the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Accountability and Audit

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 he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

BDO LLP was appointed independent auditor to the Company with effect from the AGM on 27 April 2020. BDO LLP has expressed its willingness to continue to be the Company's independent auditor and a Resolution to re-appoint BDO LLP as the Company's auditor will be put to the forthcoming AGM, along with a separate Resolution to authorise the Directors to fix the auditor's remuneration.

Internal Controls and Risk Management

Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 18 to the financial statements. The Board of Directors is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following the Financial Reporting Council's publication of "Guidance on Risk Management, Internal Controls and Related Financial and Business Reporting" (the "FRC Guidance"), the Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the full year under review and up to the date of approval of the financial statements, and this process is regularly reviewed by the Board and accords with the relevant sections of the FRC Guidance.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

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

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

The key components designed to provide effective internal control for the year under review and up to the date of this Report are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria;
- there are 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's investment process and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the internal audit and compliance departments of ASFML continually review the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers and monitoring reports are received from these providers when required;
- the Board has considered the need for an internal audit function but, because of the compliance and internal

control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures; and

- twice a year, at its board meetings, the Board carries out an assessment of internal controls by considering documentation from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations. The Board meets annually with representatives from BNY Mellon and reviews a control report covering the activities of the depositary and custodian.

Representatives from the Internal Audit Department of the Manager report six monthly to the Audit and Risk Committee of the Company and have direct access to the Directors at any time.

The Board has reviewed the effectiveness of the Manager'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 Organisation". The Board has also reviewed the Manager'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 internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

Discount Management Policy and Special Business at Annual General Meeting

Issue of Shares

In terms of the Companies Act 2006 (the "Act"), the Directors may not allot shares unless so authorised by the shareholders. Resolution 10 in the Notice of Annual General Meeting which will be proposed as an Ordinary Resolution will, if passed, give the Directors the necessary authority to allot shares up to an aggregate nominal amount of £3,135,875 (equivalent to 12,543,501 Ordinary shares or 10% of the Company's existing issued share capital at 3 March 2022, the latest practicable date prior to the publication of this Annual Report). Such authority will expire on the date of the 2023 Annual General Meeting or on 30 June 2023, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 561 of the Act provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 11 will, if passed, also give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £3,135,875 (equivalent to 12,543,501 Ordinary shares or 10% of the Company's existing issued share capital at 3 March 2022, the latest practicable date prior to the publication of this Annual Report), as if Section 561 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 10. This authority will also expire on the date of the 2023 Annual General Meeting or on 30 June 2023, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 10 and 11 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. Accordingly, issues will only be made where shares can be issued at a premium of 0.5% or more to NAV and there will never be any dilution for existing shareholders. The issue proceeds will be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting. Resolution 11 will also disapply pre-emption rights on the sale of Treasury shares as envisaged above. Once again, the pre-emption rights would only be disapplied where the Treasury shares are sold at a premium to NAV of not less than 0.5%.

Share Buybacks

At the Annual General Meeting held on 23 April 2021, shareholders approved the renewal of the authority permitting the Company to repurchase its Ordinary shares.

The Directors wish to renew the authority given by shareholders at the last Annual General Meeting. The principal aim of a share buyback facility is to enhance shareholder value by acquiring shares at a discount to NAV, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to NAV per share, should result in an increase in the NAV per share for the remaining shareholders. This authority, if conferred, will only be

Directors' Report

Continued

exercised if to do so would result in an increase in the NAV per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not be more than the higher of (i) an amount equal to 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. It is currently proposed that any purchase of shares by the Company will be made from the capital reserve of the Company. The purchase price will normally be paid out of the cash balances held by the Company from time to time.

Special Resolution 12 will permit the Company to buy back shares and any shares bought back by the Company may be cancelled or held as Treasury shares. The benefit of the ability to hold Treasury shares is that such shares may be resold. This should give the Company greater flexibility in managing its share capital and improve liquidity in its shares. The Company would only sell on Treasury shares at a premium to NAV. When shares are held in Treasury, all voting rights are suspended and no distribution (either by way of dividend or by way of a winding up) is permitted in respect of Treasury shares. If the Directors believe that there is no likelihood of re-selling shares bought back, such shares would be cancelled. During the year to 31 December 2021 the Directors have successfully used the share buyback authority to acquire 2,576,073 shares for Treasury.

Special Resolution 12 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue at the date of the Annual General Meeting (amounting to 18,802,709 Ordinary shares as at 3 March 2022). Such authority will expire on the date of the 2023 Annual General Meeting or on 30 June 2023, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Recommendation

The Directors consider that the authorities requested above are in the best interests of the shareholders taken as a whole and recommend that all shareholders vote in favour of the resolutions, as the Directors intend to in respect of their own beneficial holdings of Ordinary shares amounting in aggregate to 20,394 shares, representing approximately 0.02% of the Company's issued share capital as at 3 March 2022.

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 December 2021:

Shareholder	No. of Ordinary shares held	% held
Rathbones	12,900,074	10.3
Hargreaves Lansdown [A]	12,195,320	9.7
Interactive Investor [A]	11,694,583	9.3
abrdn Standard Retail Plans [A]	10,327,730	8.2
Charles Stanley	6,793,467	5.4
Smith & Williamson Wealth Management	5,807,270	4.6
Investec Wealth & Management	5,114,724	4.1
AJ Bell	4,046,679	3.2

[A] Non-beneficial interests

There have been no significant changes notified in respect of the above holdings between 31 December 2021 and 3 March 2022.

The UK Stewardship Code and Proxy Voting

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

The Manager is a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long-term investment return to shareholders.

By order of the Board of Murray International Trust PLC

Aberdeen Asset Management PLC

Secretary
1 George Street, Edinburgh EH2 2LL
3 March 2022

Directors' Remuneration Report

The Board has prepared this report in accordance with the regulations governing the disclosure and approval of Directors' remuneration.

Remuneration Committee

As recommended by the AIC Code, a Remuneration Committee has been established with written terms of reference, copies of which are available upon request from the Company Secretary and on the Company's website. The Remuneration Committee comprises the whole Board, excluding Dr Carter, and I, Alexandra Mackesy, am the Chairman.

This Remuneration Report comprises three parts:

- Remuneration Policy, which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently approved at the 27 April 2020 AGM;
- Implementation Report, which provides information on how the Remuneration Policy has been applied during the year and which is subject to an advisory vote on the level of remuneration paid during the year; and,
- Annual Statement of compliance with regulations.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 72.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. The Company currently has four independent non-executive Directors.

There have been no changes to the policy during the period of this Report nor are there any proposals for change in the foreseeable future. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders are considered.

The Directors are non-executive and their fees are set within the limits of the Company's Articles of Association. The Board's policy on Directors' fees is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. Fees are reviewed annually and, if considered appropriate, increased accordingly.

Shareholder	31 December 2021 £	31 December 2020 £
Chairman	**48,000**	48,000
Chairman of Audit and Risk Committee	**34,000**	34,000
Senior Independent Director	**32,000**	32,000
Director	**28,000**	28,000

Articles Limit on Directors' Fees

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors per annum to £300,000. The level of cap may be increased by shareholder resolution from time to time and was last increased in 2021.

Terms of Appointment

- The Company intends only to appoint non-executive Directors;
- All the Directors are non-executive appointed under the terms of Letters of Appointment;
- Directors must retire and be subject to re-election at the first AGM after their appointment and at least every three years thereafter. Currently the whole Board submits for annual re-election in line with best practice and the New Articles submitted for approval at the forthcoming AGM will embed annual re-election;
- It is the policy of the Board that the Chairman of the Company will normally retire once he or she has served as a Director for nine years (further details on page 57);
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (£28,000 for the year to 31 December 2021);
- No incentive or introductory fees will be paid to encourage a Directorship;
- The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits; and
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.

Directors' Remuneration Report

Continued

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; and
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors. The Company's Articles of Association provide an indemnity to the Directors out of the assets of the Company against any liability incurred in defending proceedings or in connection with any application to the Court in which relief is granted.

The Remuneration Policy was last approved by shareholders at the AGM on 27 April 2020. The Remuneration Policy is reviewed by the Remuneration Committee on an annual basis and the Remuneration Policy applies for the three year period ending 31 December 2022.

Implementation Report

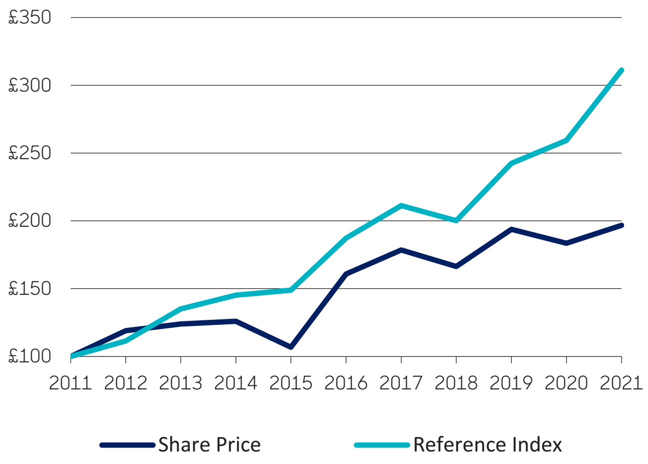
Directors' Fees

The Remuneration Committee carried out a review of the level of Directors' fees during the year encompassing a review of fees payable to directors of peer group companies as well as the wider sector. The Committee concluded that the annual fees payable to Directors should remain unchanged. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors and, other than for the Audit and Risk Committee, no extra fees are payable to Committee Chairmen.

Company Performance

During the year, the Board also carried out a review of investment performance. The following graph compares the share price total return (assuming all dividends are reinvested) to Ordinary shareholders, assuming a notional investment of £100 into the Company on 31 December 2011, compared with the total shareholder total return on the Company's Reference Index.

Please note that past performance is not a guide to future performance.



Statement of Voting at General Meeting

At the Company's last AGM held on 23 April 2021, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2020 and the following proxy votes were received on the resolutions:

Resolution	For* %	Against %	Withheld %
(2) Receive and Adopt Directors' Remuneration Report	53.8m (99.3%)	332,343 (0.6%)	164,086
(3) Approve Directors' Remuneration Policy**	38.6m (99.3%)	230,057 (0.6%)	86,458

* Including discretionary votes
** Last voted upon on 27 April 2020

Spend on Pay

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

Fees Payable (Audited)

The Directors who served in the year received the following fees which exclude employers' National Insurance:

Director	2021 £	2020 £
D Hardie [A]	38,280	30,733
C Binyon [B]	32,117	28,000
A Mackesy [C]	29,570	28,000
N Melhuish [D]	18,667	n/a
K J Carter [E]	15,067	48,000
M Campbell [E]	10,672	34,000
S Fraser [F]	22,883	18,667
Total	**167,256**	187,400

[A] Mr Hardie became interim Chairman in August 2021 and Chairman in October 2021
[B] Ms Binyon was appointed Audit and Risk Committee Chairman in April 2021
[C] Mrs Mackesy was appointed Senior Independent Director in August 2021
[D] Mr Melhuish was appointed to the Board on 1 May 2021
[E] Dr Carter and Ms Campbell retired from the Board on 23 April 2021
[F] Mr Fraser died on 9 August 2021

The Directors' fees were last increased in December 2019, with effect from 1 January 2020 and this increase broadly reflected the impact of RPI over the three year period since the last increase.

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' fees over the last two years.

Director	Year ended 31 December 2021 %	Year ended 31 December 2020 %
D Hardie [A]	24.6	18.2
C Binyon [B]	14.7	7.7
A Mackesy [C]	5.6	7.7
N. Melhuish [D]	n/a	n/a

[A] Mr Hardie became interim Chairman in August 2021and Chairman in October 2021
[B] Ms Binyon was appointed Audit and Risk Committee Chairman in April 2021
[C] Mrs Mackesy was appointed Senior Independent Director in August 2021
[D] Mr Melhuish was appointed to the Board on 1 May 2021

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

Directors' Interests in the Company (Audited)

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 December 2021 and 31 December 2020 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the following table.

	31 December 2021 Ordinary 25p	31 December 2020 Ordinary 25p
D Hardie	**15,489**	14,777
C Binyon	**1,213**	1,161
A Mackesy	**975**	–
N. Melhuish [A]	**2,563**	n/a
K J Carter [B]	**65,000**	65,000
M Campbell [B]	**17,174**	17,174
S Fraser [C]	**7,500**	–

[A] Mr Melhuish was appointed to the Board on 1 May 2021
[B] Shareholding at date of retirement on 23 April 2021
[C] Shareholding at date of death on 9 August 2021

Subsequent to the period end Mr Hardie's beneficial holding has increased to 15,643 Ordinary shares following reinvestment of the third interim dividend paid on 18 February 2022. With the exception of this further disclosure, the Directors' holdings were unchanged at 3 March 2022, being the nearest practicable date prior to the signing of this Annual Report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I, Alexandra Mackesy, Chairman of the Remuneration Committee, confirm that the Report on Remuneration Policy and the Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2021:

- 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.

The Directors' Remuneration Report was approved by the Board of Directors on 3 March 2022 and signed on its behalf by:

Alexandra Mackesy
Remuneration Committee Chairman
3 March 2022

Report of Audit and Risk Committee

The Audit and Risk Committee has prepared this report in compliance with the September 2014 Competition and Markets Authority Order.

Audit and Risk Committee

As recommended by the AIC Code, an Audit and Risk Committee has been established with written terms of reference, copies of which are available upon request from the Company Secretary and on the Company's website. The Audit and Risk Committee comprises the whole Board (excluding Mr Hardie) and following the retirement of Ms Campbell at the AGM in 2021, I, Claire Binyon, am the Chairman. Mr Hardie is not a member of the Committee, but, as Chairman of the Company, he has a standing invitation to attend meetings and typically attends each Audit and Risk Committee as an observer. The members of the Audit and Risk Committee are each independent and free from any relationship that would interfere with our impartial judgement in carrying out our responsibilities. We have satisfied ourselves that at least one of the Committee's members has recent and relevant financial experience. We met three times during the year.

The terms of reference of the Audit and Risk Committee are reviewed and re-assessed for their adequacy on an annual basis. In accordance with those terms of reference:

- we review and monitor the internal control systems and risk management systems including review of non financial risks and the Manager's policy on information security (cyber risk) on which the Company is reliant. The Directors' statement on the Company's internal controls and risk management is set out in the Directors' Report;
- we consider whether there is a need for the Company to have its own internal audit function (refer to Directors' Report);
- we 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;
- we 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, interim reports, announcements and related formal statements;
- we review the content of the Annual Report and financial statements and make recommendations to 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;
- we meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Directors also use this as an opportunity to assess the effectiveness of the audit process;
- we also meet in private with the auditor, without any representatives of the Manager being present, and we meet in private with a representative from the Manager's internal audit department;
- we develop and implement the policy on the engagement of the auditor to supply non-audit services. There were non-audit fees of £3,500 (2020: £3,500) paid to the auditor during the year under review in connection with assurance work conducted on the Half Yearly Report;
- we review a statement from the Manager detailing the arrangements in place within the abrdn Group whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- we make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor; and
- we monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification.

Details of attendance at the Audit and Risk Committee meetings are shown in the Directors' Report.

The Board has received a report from BDO, its auditor, which notes that BDO has policies and procedures in place that instil professional values as part of its firm's culture and ensure that the highest standards of objectivity and independence and integrity are maintained.

The Company's policy on non-audit services is to ensure that best value for the Company is achieved whilst ensuring compliance with regulations that are in place to maintain the independence of the auditor. The extent of non-audit services that can be provided by BDO is very limited. The Audit and Risk Committee has reviewed and approved the level of non-audit services provided by the independent auditor during the year, together with the independent auditor's procedures in connection with the provision of such services, and remains satisfied that the auditor's objectivity and independence is being safeguarded. The level of non-audit fees payable by the Company is not material in any way for BDO and the Audit and Risk Committee confirms its belief that BDO is independent in accordance with applicable ethical standards. Since its appointment, BDO has not provided any significant non-audit services to the Company.

Deloitte and PwC provide ongoing local tax compliance services to the Company.

Significant Matters

During our review of the Company's financial statements for the year ended 31 December 2021, we considered the following significant matters:

Valuation and Ownership of Investments

Mitigation – The Board reviews monthly management accounts that include a full breakdown of the portfolio valuation. The valuation of investments is undertaken in accordance with the accounting policies, disclosed in notes 2(e) and 10 to the financial statements on pages 81 and 87. All investments are quoted and can be verified against daily market prices. 91.5% (2020: 88.4%) of investments are considered to be liquid and are therefore categorised as Level 1 in accordance with the FRS 102 fair value hierarchy. 8.5% (2020: 11.6%) of investments are considered to be subject to some risk of illiquidity and are therefore categorised as Level 2 within the FRS 102 fair value hierarchy. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to the Board. BNY Mellon has been appointed as custodian and depositary to safeguard the assets of the Company. The depositary checks the consistency and accuracy of its records on a monthly basis and reports its findings to ASFML. Separately, the investment portfolio is reconciled regularly by the Manager.

Correct Calculation of Management Fees

Mitigation – The management fees are calculated by the Manager and reviewed annually by the Audit and Risk Committee and auditor.

Revenue Recognition

Mitigation – The recognition of investment income is undertaken in accordance with accounting policy 2(b) and note 3 to the financial statements on pages 80 and 83. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Manager provides monthly internal control reports to the Board which are reviewed together with monthly revenue forecasts and dividend schedules.

Review of Auditor

We have reviewed the work undertaken by BDO, which is in its second year following original appointment at the AGM on 27 April 2020, and are satisfied with the effectiveness of the auditor. The areas of focus included:

- independence – the auditor discusses with the Audit and Risk 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 and 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 Board, the Committee and the Manager; and
- quality of people and service including continuity and succession plans – the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment company sector and retention or rotation of the partner.

BDO is in its second year as auditor to the Company and in accordance with present professional guidelines the Senior Statutory Auditor will be rotated after no more than five years and the year ended 31 December 2021 will be the second year for which the present Senior Statutory Auditor will serve. The Committee considers BDO, the Company's auditor, to be independent of the Company.

For and on behalf of the Audit and Risk Committee

Claire Binyon,
Audit and Risk Committee Chairman
3 March 2022

Statement of Directors' Responsibilities

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, the requirements of the Companies Act 2006 and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with their responsibilities, the Directors confirm that, to the best of their knowledge, 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 position, performance, business model and strategy.

Website Publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on murray-intl.co.uk, the Company's website, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the company, together with a description of the principal risks and uncertainties that they face.

For Murray International Trust PLC

David Hardie
Chairman
3 March 2022

Independent Auditor's Report to the Members of Murray International Trust PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Murray International Trust PLC (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

Independence

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board of Directors on 27 April 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 31 December 2020 to 31 December 2021. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the appropriateness of the Directors' assumptions and judgements made by comparing the prior year forecasted costs to the actual costs incurred to check that the projected costs are reasonable.
- Assessing the projected management fees for the going concern review period to check that it was in line with the current assets under management levels and the projected market growth forecasts.
- Sensitising the forecasts based on an economic downturn and calculating financial ratios to ascertain the financial health of the Company, including performing calculations assessing the net asset position of the Company to understand the reliance on loans.
- Checking the availability of cash to meet forecast expenditure in both the base case and sensitised scenarios.
- Reviewing the loan agreements to identify the covenants and assessing the likelihood of them being breached based on the Directors' forecasts and our sensitivity analysis.

Independent Auditor's Report to the Members of Murray International Trust PLC

Continued

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters		**2021**	**2020**
	Revenue recognition	✔	✔
	Valuation and ownership of investments	✔	✔
Materiality	Company financial statements as a whole:		
	£15.6m (2020: £14.6m) based on 1% (2020: 1%) of Net Assets		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition **(Note 2(b) and 3 to the financial statements)**	Income arises from dividends and interest and can be volatile but is often a key factor in demonstrating the performance of the portfolio. Additionally, judgement is required by management in determining the allocation of dividend income to revenue or capital.	We responded to this matter by utilising data analytics to test 100% of the portfolio. We derived an independent expectation of income based on the investment holding and distributions per independent sources and compared to that recognised. We also cross checked the portfolio against corporate actions and special dividends and challenged if these had been appropriately accounted for as income or capital by reviewing the underlying reason for issue of the dividend and whether it could be driven by a capital event. We analysed the whole population of dividend receipts to identify items for further discussion that could indicate a capital distribution, for example where a dividend represents a particularly high yield. **Key observations:** Based on our procedures performed we found the revenue recognition to be appropriate.
Valuation and ownership of investments **(Note 2(e) and 10 to the financial statements)**	The investment portfolio at the year-end comprised of listed equity and fixed income investments held at fair value through profit or loss. We consider the valuation and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the entity. Furthermore, we consider the valuation disclosures to be a significant area as they are expected to be a key area of interest for the users of the financial statements.	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures: - Obtained direct confirmation from the custodian regarding the existence and ownership of all investments held at the balance sheet date. - Recalculating the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share. - Confirmed the year end bid price used by agreeing to externally quoted prices and assessed if there were contra indicators, such as liquidity considerations, that would suggest bid price is not the most appropriate indication of fair value. Contra indicators examples include considering the realisation period for individual holdings. We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of the relevant accounting standard.

Independent Auditor's Report to the Members of Murray International Trust PLC

Continued

Key observations:

Based on our procedures performed we did not identify any matters to suggest the valuation or ownership of listed equity and fixed income investments or the related disclosures was not appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Company financial statements	
	2021 £m	**2020 £m**
Materiality	15.6	14.6
Basis for determining materiality	1% of Net Assets	1% of Net Assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	11.7	9.5
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment. We also considered the history of misstatements based on our knowledge obtained in the previous year, aggregation effect of planned nature of testing and the overall size complexity of the entity.	65% of materiality based on our risk assessment and consideration of the control environment. We also considered the aggregation effect of planned nature of testing, the overall size complexity of the Company and the fact that it was our first year as auditors.

Specific materiality

We determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on revenue return before tax to be £3,680,000 (2020: £3,200,000). Specific materiality was determined using 5% (2020: 5%) of revenue return before tax. We further applied a performance materiality level of 75% (2020: 65%) of revenue return before tax to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £184,000 (2020: £160,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	· The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 57 and 58; and · The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 39.
Other Code provisions	· Directors' statement on fair, balanced and understandable set out on page 66; · Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 37; · The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 37; and · The section describing the work of the Audit and Risk Committee set out on page 64.

Independent Auditor's Report to the Members of Murray International Trust PLC

Continued

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: · the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and · the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules, the DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS102. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk areas to be revenue recognition and management override of controls.

Our procedures included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management and those charged with governance regarding known or suspected instances of non-compliance with laws and regulation and fraud within the Company and its operations. We corroborated our enquiries through our review of board minutes for the year, reviewing correspondence with the relevant authorities and other evidence gathered during the course of the audit;
- testing the appropriateness of a sample of journal entries in the general ledger by agreeing to supporting documentation and adjustments made in the preparation of the financial statements, reviewing and assessing the accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company and those that appear to be unusual;
- the procedures set out in the Key Audit Matters section above.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

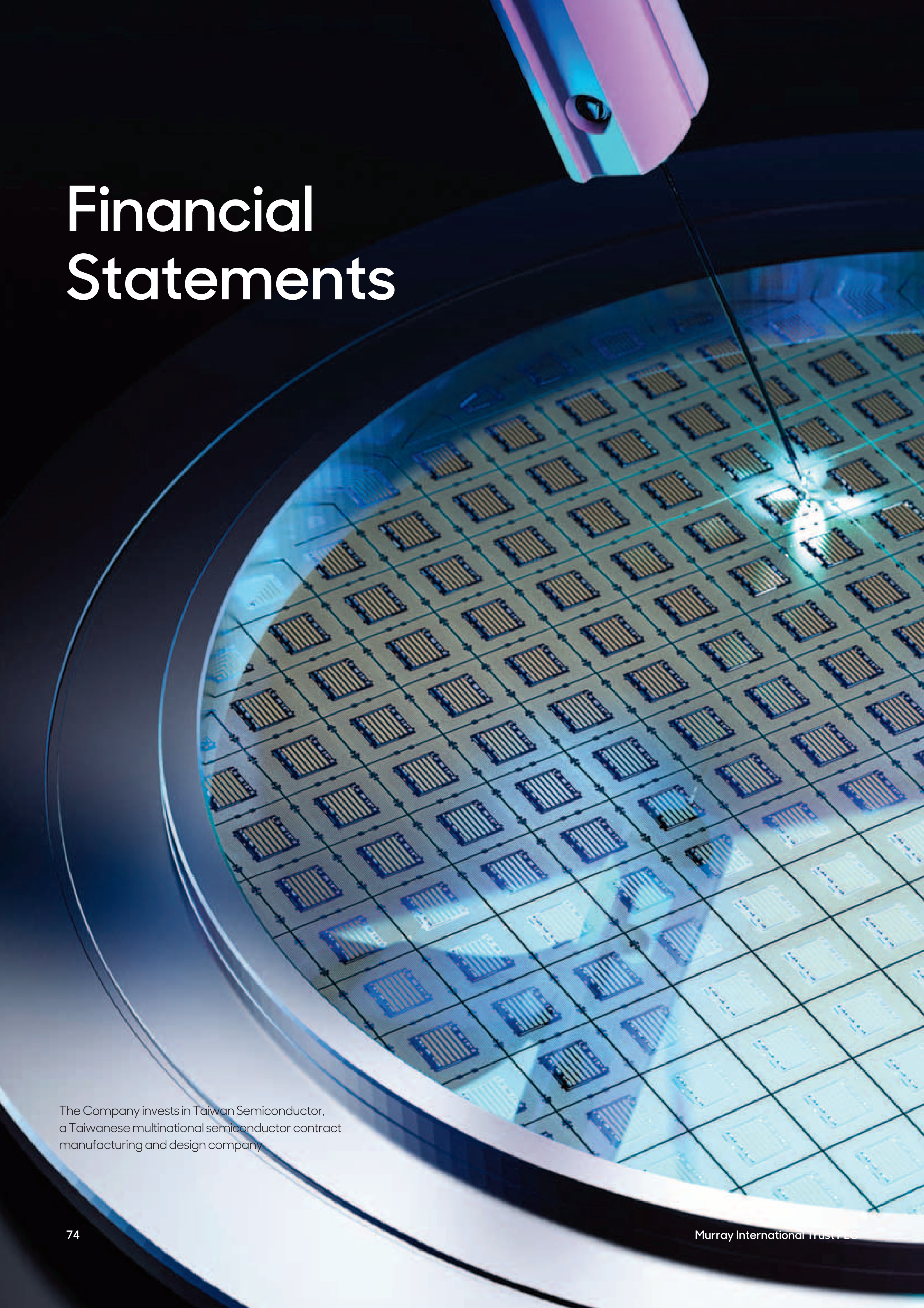
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)

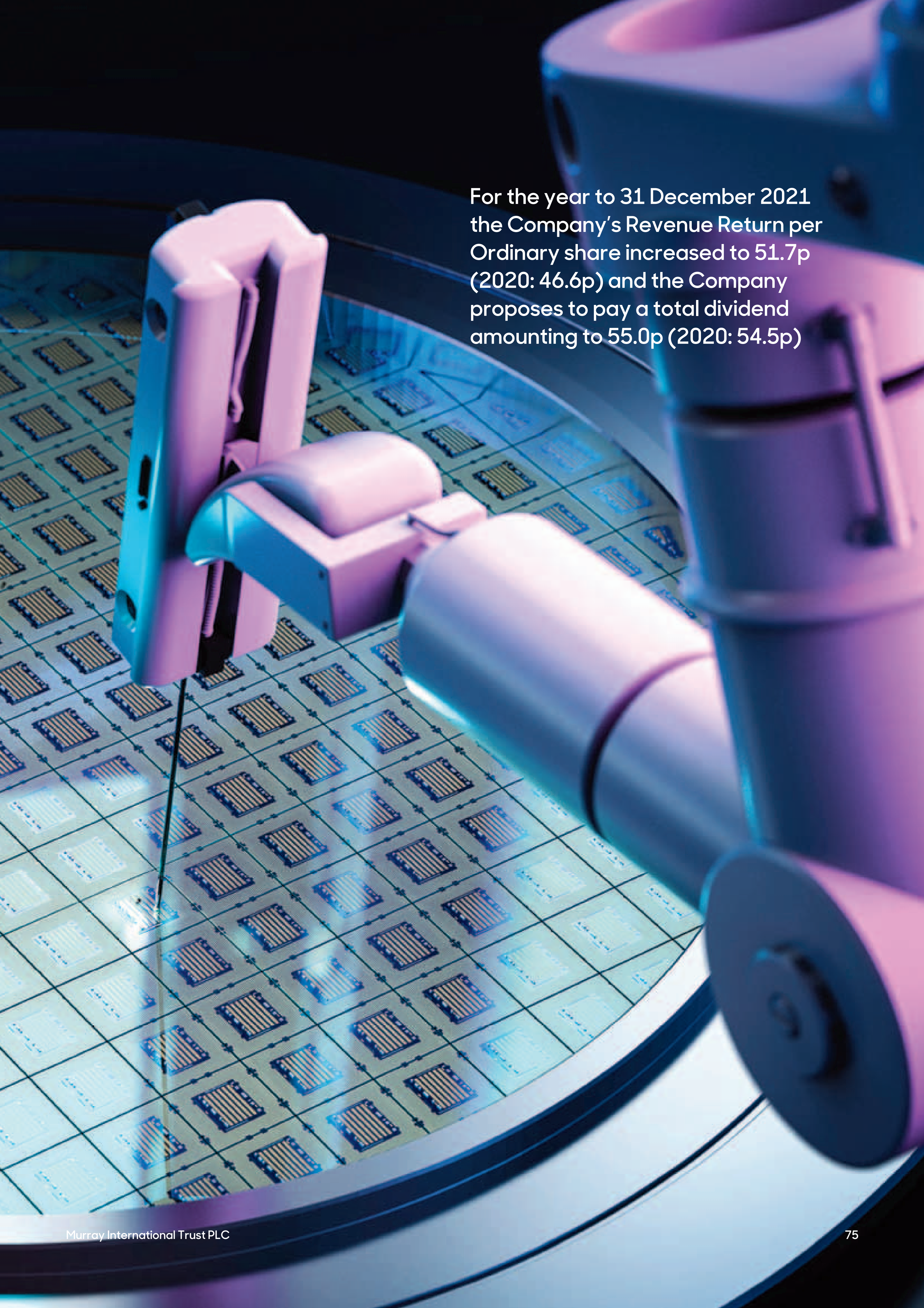
For and on behalf of BDO LLP, Statutory Auditor
London, UK
3 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements



The Company invests in Taiwan Semiconductor, a Taiwanese multinational semiconductor contract manufacturing and design company



For the year to 31 December 2021 the Company's Revenue Return per Ordinary share increased to 51.7p (2020: 46.6p) and the Company proposes to pay a total dividend amounting to 55.0p (2020: 54.5p)

Statement of Comprehensive Income

		Year ended 31 December 2021			Year ended 31 December 2020		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	139,637	139,637	–	(49,645)	(49,645)
Income	3	78,737	–	78,737	68,918	–	68,918
Investment management fees	4	(2,086)	(4,867)	(6,953)	(2,054)	(4,795)	(6,849)
Currency losses		–	(745)	(745)	–	(3,757)	(3,757)
Administrative expenses	5	(1,752)	–	(1,752)	(1,966)	–	(1,966)
Net return before finance costs and taxation		74,899	134,025	208,924	64,898	(58,197)	6,701
Finance costs	6	(1,216)	(2,838)	(4,054)	(1,189)	(2,775)	(3,964)
Return before taxation		73,683	131,187	204,870	63,709	(60,972)	2,737
Taxation	7	(7,554)	798	(6,756)	(3,513)	1,033	(2,480)
Return attributable to equity shareholders		66,129	131,985	198,114	60,196	(59,939)	257
Return per Ordinary share (pence)	9	51.7	103.1	154.8	46.6	(46.4)	0.2

The "Total" column of this statement represents the profit and loss account of the Company. There is no other comprehensive income and therefore the return after taxation is also the total comprehensive income for the year. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

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

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

Statement of Financial Position

	Notes	As at 31 December 2021 £'000	As at 31 December 2020 £'000
Non-current assets			
Investments at fair value through profit or loss	10	**1,739,312**	1,646,405
Current assets			
Debtors	11	**15,377**	14,410
Cash and short-term deposits		**8,705**	3,208
		24,082	17,618
Creditors: amounts falling due within one year			
Bank loans	12,13	**(59,975)**	(50,000)
Other creditors	12	**(2,514)**	(2,391)
		(62,489)	(52,391)
Net current liabilities		**(38,407)**	(34,773)
Total assets less current liabilities		**1,700,905**	1,611,632
Creditors: amounts falling due after more than one year			
Bank loans	12,13	**(89,930)**	(149,805)
Loan Notes	12,13	**(49,909)**	–
Net assets		**1,561,066**	1,461,827
Capital and reserves			
Called-up share capital	14	**32,353**	32,353
Share premium account		**362,967**	362,967
Capital redemption reserve		**8,230**	8,230
Capital reserve	15	**1,094,549**	991,513
Revenue reserve		**62,967**	66,764
Equity shareholders' funds		**1,561,066**	1,461,827
Net asset value per Ordinary share (pence)	16	**1,240.3**	1,138.2

The financial statements were approved and authorised for issue by the Board of Directors on 3 March 2022 and were signed on its behalf by:

David Hardie
Director

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

Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2020		**32,353**	**362,967**	**8,230**	**991,513**	**66,764**	**1,461,827**
Return after taxation		–	–	–	**131,985**	**66,129**	**198,114**
Dividends paid	8	–	–	–	–	**(69,926)**	**(69,926)**
Buy back of shares to Treasury	14	–	–	–	**(28,949)**	–	**(28,949)**
Balance at 31 December 2021		**32,353**	**362,967**	**8,230**	**1,094,549**	**62,967**	**1,561,066**

For the year ended 31 December 2020

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2019		32,333	361,989	8,230	1,060,756	75,747	1,539,055
Return after taxation		–	–	–	(59,939)	60,196	257
Dividends paid	8	–	–	–	–	(69,179)	(69,179)
Issue of new shares	14	20	978	–	–	–	998
Buy back of shares to Treasury	14	–	–	–	(9,304)	–	(9,304)
Balance at 31 December 2020		32,353	362,967	8,230	991,513	66,764	1,461,827

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

Statement of Cash Flows

	Notes	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000
Net return before finance costs and taxation		**208,924**	6,701
Decrease in accrued expenses		**(8)**	(104)
Overseas withholding tax		**(9,123)**	(6,857)
Decrease in accrued income		**706**	3,520
Interest paid		**(3,818)**	(4,019)
(Gains)/losses on investments		**(139,637)**	49,645
Currency losses		**745**	3,757
Decrease/(increase) in other debtors		**22**	(53)
Corporation tax received		**321**	2,707
Net cash inflow from operating activities		**58,132**	55,297
Investing activities			
Purchases of investments		**(177,090)**	(257,535)
Sales of investments		**224,171**	256,648
Net cash from/(used in) investing activities		**47,081**	(887)
Financing activities			
Equity dividends paid	8	**(69,926)**	(69,179)
Ordinary shares bought back to Treasury	14	**(28,949)**	(9,304)
Issue of Ordinary shares	14	**–**	998
Issue of Loan Notes		**49,904**	–
Loan repayment		**(50,000)**	(50,000)
Loan drawdown		**–**	50,000
Net cash used in financing activities		**(98,971)**	(77,485)
Increase/(decrease) in cash		**6,242**	(23,075)
Analysis of changes in cash during the year			
Opening balance		**3,208**	30,040
Effect of exchange rate fluctuations on cash held		**(745)**	(3,757)
Increase/(decrease) in cash as above		**6,242**	(23,075)
Closing balances		**8,705**	3,208

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

Notes to the Financial Statements

For the year ended 31 December 2021

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No SC006705, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of preparation. The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in April 2021. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. Having taken these factors into account as well as the impact of Covid-19 and having assessed the principal risks and other matters set out in the Viability Statement on page 37, the Directors believe that, after making enquiries, the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. Accordingly, 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 57 and 58.

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies and are continually evaluated. The areas requiring most significant judgement and assumption in the financial statements are: the determination of the fair value hierarchy classification of quoted preference shares and bonds which have been assessed as being Level 2 as they are not considered to trade in active markets; and also the determination of whether special dividends received are considered to be revenue or capital in nature. The Directors do not consider there to be any significant estimates within the financial statements.

(b) Income. Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available dividends are recognised on their due date. Provision is made for any dividends not expected to be received. Special dividends are credited to capital or revenue, according to their circumstances.

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income under taxation.

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

Interest receivable from cash and short-term deposits is accrued to the end of the year.

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

– transaction costs on the acquisition or disposal of investments are charged against capital in the Statement of Comprehensive Income; and

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

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

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

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

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

(e) Investments. The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured at fair value. For listed investments, the valuation of investments at the year end is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange.

Gains and losses arising from changes in fair value are treated in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

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

Notes to the Financial Statements

Continued

(g) **Short-term debtors and creditors**. Both short-term debtors and creditors are measured at amortised cost and not subject to interest charges.

(h) **Borrowings**. Borrowings, which comprise interest bearing bank loans and unsecured loan notes are recognised initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 30% to revenue and 70% to capital in the Statement of Comprehensive Income to reflect the Company's investment policy and prospective income and capital growth.

(i) **Nature and purpose of reserves**

Called-up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue. This reserve is not distributable.

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p and the proceeds of sales of shares held in Treasury in excess of the weighted average purchase price paid by the Company to repurchase the shares. This reserve is not distributable.

Capital redemption reserve. The capital redemption reserve arose when Ordinary shares were cancelled, at which point an amount equal to the par value of the Ordinary share capital was transferred from the share capital account to the capital redemption reserve. This reserve is not distributable.

Capital reserve. This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences. Additionally, expenses, including finance costs, are charged to this reserve in accordance with (c) and (h) above. This reserve is distributable for the purpose of funding share buybacks and paying dividends to the extent that gains are deemed realised.

When the Company purchases its Ordinary shares to be held in Treasury, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from the capital reserve.

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.

(j) **Foreign currency.** Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Statement of Financial Position date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on dividends receivable are recognised in the Statement of Comprehensive Income and are reflected in the revenue reserve. Gains and losses on the realisation of foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve.

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

(l) **Dividends payable.** Dividends payable to equity shareholders are recognised in the financial statements when they have been approved by shareholders and become a liability of the Company. Interim dividends are recognised in the financial statements in the period in which they are paid.

3. Income

	2021 £'000	2020 £'000
Income from investments (all listed)		
UK dividend income	**8,547**	5,855
Overseas dividends	**58,240**	47,138
Overseas interest	**11,945**	15,731
	78,732	68,724
Other income		
Deposit interest	**1**	2
Interest on corporation tax reclaim	**4**	192
Total income	**78,737**	68,918

4. Investment management fees

	Revenue £'000	2021 Capital £'000	Total £'000	Revenue £'000	2020 Capital £'000	Total £'000
Investment management fees	**2,086**	**4,867**	**6,953**	2,054	4,795	6,849

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

The annual management fee is charged on net assets (i.e. excluding borrowings for investment purposes) averaged over the six previous quarters ("Net Assets"), on a tiered basis. The annual management fee is charged at 0.5% of Net Assets up to £1,200 million and 0.425% of Net Assets above £1,200 million. A fee of 1.5% per annum is chargeable on the value of any unlisted investments. The investment management fee is chargeable 30% against revenue and 70% against realised capital reserves. During the year £6,953,000 (2020 – £6,849,000) of investment management fees was payable to the Manager, with a balance of £1,797,000 (2020 – £1,680,000) being due at the year end. With effect from 1 January 2022 the annual management fee is charged at 0.5% of Net Assets up to £500 million and 0.4% of Net Assets above £500 million. All other terms and conditions remain unaltered.

With effect from 1 January 2021, the Company and Manager agreed to terminate the arrangement of allocating £100,000 of the management fee to secretarial fees, which were chargeable 100% to revenue.

No fees are charged in the case of investments managed or advised by the abrdn Group. The management agreement may be terminated by either party on the expiry of six months' written notice. On termination the Manager is entitled to receive fees which would otherwise have been due up to that date.

Notes to the Financial Statements

Continued

5. Administrative expenses

	2021 £'000	2020 £'000
Promotional activities[A]	**400**	400
Secretarial fees[B]	**–**	100
Registrars' fees	**133**	151
Directors' remuneration	**167**	198
Bank charges and custody fees	**606**	690
Depositary fees	**149**	136
Stock exchange fees	**86**	92
Printing and postage	**60**	88
Irrecoverable VAT	**14**	2
Auditor's fees for:		
– Statutory audit	**32**	30
– Other assurance services	**3**	4
Other expenses	**102**	75
	1,752	1,966

[A] In 2021 £400,000 (2020 – £400,000) was payable to ASFML to cover promotional activities during the year. At the year end £100,000 (2020 – £100,000) was due to ASFML.

[B] Details of the fee basis are contained in note 4.

6. Finance costs

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdraft interest	**1,002**	**2,339**	**3,341**	1,189	2,775	3,964
Loan Notes	**214**	**499**	**713**	–	–	–
	1,216	**2,838**	**4,054**	1,189	2,775	3,964

7. Taxation

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Total tax charge						
Analysis for the year						
Current UK tax	163	–	163	837	–	837
Double taxation relief	(163)	–	(163)	(837)	–	(837)
Corporation tax prior year adjustment	–	–	–	(3,071)	–	(3,071)
Tax relief to capital	920	(920)	–	1,438	(1,438)	–
Irrecoverable overseas tax suffered	9,081	122	9,203	6,688	405	7,093
Overseas tax reclaimable	(2,447)	–	(2,447)	(1,542)	–	(1,542)
Total tax charge for the year	7,554	(798)	6,756	3,513	(1,033)	2,480

(b) **Factors affecting the tax charge for the year.** The UK corporation tax rate is 19% (2020 – 19%). The tax assessed for the year is lower than the corporation tax rate. The differences are explained below:

	2021			2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	73,683	131,187	204,870	63,709	(60,972)	2,737
Return multiplied by the effective standard rate of corporation tax of 19% (2020 – 19%)	14,000	24,925	38,925	12,105	(11,585)	520
Effects of:						
Non taxable UK dividend income	(1,624)	–	(1,624)	(1,112)	–	(1,112)
(Gains)/losses on investments not taxable	–	(26,531)	(26,531)	–	9,433	9,433
Currency losses not taxable	–	142	142	–	714	714
Non taxable overseas dividends	(10,750)	–	(10,750)	(8,718)	–	(8,718)
Irrecoverable overseas tax suffered	9,081	122	9,203	6,688	405	7,093
Overseas tax reclaimable	(2,447)	–	(2,447)	(1,542)	–	(1,542)
Double taxation relief	(163)	–	(163)	(837)	–	(837)
Marginal tax relief	(544)	544	–	–	–	–
Corporation tax prior year adjustment	–	–	–	(3,071)	–	(3,071)
Expenses not deductible for tax purposes	1	–	1	–	–	–
Total tax charge for the year	7,554	(798)	6,756	3,513	(1,033)	2,480

Notes to the Financial Statements

Continued

The Company has not provided for deferred tax on chargeable gains or losses arising on the revaluation or disposal of investments as it is exempt from corporation tax on these items because of its status as an investment trust company.

The Company has not recognised a deferred tax asset (2020 – same) arising as a result of there being no excess management expense to be utilised in future periods.

8. Ordinary dividends on equity shares

	2021 £'000	2020 £'000
Amounts recognised as distributions paid during the year:		
Third interim for 2020 of 12p (2019 – 12.0p)	**15,413**	15,520
Final dividend for 2020 of 18.5p (2019 – fourth interim dividend of 17.5p)	**23,748**	22,647
First interim for 2021 of 12.0p (2020 – 12.0p)	**15,404**	15,529
Second interim for 2021 of 12.0p (2020 – 12.0p)	**15,361**	15,483
	69,926	69,179

A third interim dividend was declared on 3 December 2021 with an ex date of 6 January 2022. This dividend of 12.0p was paid on 18 February 2022 and has not been included as a liability in these financial statements. The proposed final dividend for 2021 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £66,129,000 (2020 – £60,196,000).

	2021 £'000	2020 £'000
Three interim dividends for 2021 of 12.0p (2020 – 12.0p)	**45,868**	46,425
Proposed final dividend for 2021 of 19.0p (2020 – final dividend of 18.5p)	**23,833**	23,748
	69,701	70,173

The amount reflected above for the cost of the proposed final dividend for 2021 is based on 125,435,018 Ordinary shares, being the number of Ordinary shares in issue excluding those held in Treasury at the date of this Report.

9. Return per Ordinary share

	2021		2020	
	£'000	p	£'000	p
Returns are based on the following figures:				
Revenue return	**66,129**	**51.7**	60,196	46.6
Capital return	**131,985**	**103.1**	(59,939)	(46.4)
Total return	**198,114**	**154.8**	257	0.2

	2021	2020
Weighted average number of Ordinary shares	**127,971,051**	129,160,107

10. Investments at fair value through profit or loss

	2021 £'000	2020 £'000
Opening book cost	**1,324,155**	1,276,337
Opening investment holdings gains	**322,250**	425,236
Opening fair value	**1,646,405**	1,701,573
Analysis of transactions made during the year		
Purchases at cost	**177,090**	252,553
Sales proceeds received	**(224,171)**	(256,648)
Gains/(losses) on investments	**139,637**	(49,645)
Accretion/(amortisation) of fixed income book cost	**351**	(1,428)
Closing fair value	**1,739,312**	1,646,405
Closing book cost	**1,330,337**	1,324,155
Closing investment gains	**408,975**	322,250
Closing fair value	**1,739,312**	1,646,405

The Company received £224,171,000 (2020 – £256,648,000) from investments sold in the period. The book cost of these investments when they were purchased was £171,259,000 (2020 – £203,307,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Notes to the Financial Statements

Continued

The portfolio valuation	2021 £'000	2020 £'000
Listed on stock exchanges:		
United Kingdom:		
– equities	**85,872**	100,322
– preference shares	**7,637**	7,488
Overseas:		
– equities	**1,504,961**	1,355,353
– fixed income	**140,842**	183,242
Total	**1,739,312**	1,646,405

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/(losses) on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2021 £'000	2020 £'000
Purchases	**322**	180
Sales	**185**	348
	507	528

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

11. Debtors: amounts falling due within one year

	2021 £'000	2020 £'000
Corporation tax refund	**136**	457
Overseas withholding tax	**6,722**	4,366
Other debtors	**87**	109
Accrued income	**8,432**	9,478
	15,377	14,410

None of the above amounts is overdue or impaired.

12. Creditors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Bank loans (note 13)	**59,975**	50,000
Accruals	**2,514**	2,391
	62,489	52,391

	2021 £'000	2020 £'000
Amounts falling due after more than one year:		
Bank loans (note 13)	**89,930**	149,805
Loan Notes (note 13)	**49,909**	–
	139,839	149,805

All financial liabilities are measured at amortised cost.

13. Borrowings

	2021 £'000	2020 £'000
Unsecured bank loans repayable within one year:		
Fixed rate term loan facilities		
– £60,000,000 at 1.714% – 31 May 2022	**59,975**	–
Revolving credit facilities		
– £50,000,000 at 0.72588% – 14 January 2021	**–**	50,000
Unsecured bank loans repayable in more than one year but less than five years:		
Fixed rate term loan facilities		
– £60,000,000 at 1.714% – 31 May 2022	**–**	59,915
– £60,000,000 at 2.328% – 31 May 2023	**59,962**	59,935
– £30,000,000 at 2.25% – 16 May 2024	**29,968**	29,955
Unsecured loan notes repayable in more than five years:		
– £50,000,000 at 2.24% – 13 May 2031	**49,909**	–
	199,814	199,805

The terms of these loans and loan notes permit early repayment at the borrower's option which may give rise to additional amounts being either payable or repayable in respect of fluctuations in interest rates since drawdown. Since the Directors currently have no intention of repaying the loans and loan notes early, then no such charges are included in the cash flows used to determine their effective interest rate.

In May 2021 the Company finalised new long-term fixed rate borrowings through the issuance of a £50 million 10 year Senior Unsecured Loan Note at an all-in-rate of 2.24%. The proceeds of the issue were used to repay the Company's £50 million revolving credit facility with the Royal Bank of Scotland International Limited, London Branch that matured at that time. Under the terms of the Loan Note Agreement, up to an additional £150 million will also be available for drawdown by the Company for a five year period and the Board's current intention is to only use this additional amount to repay the Company's existing RBSI debt as it falls due over the coming years. Financial covenants contained within the loan note agreement provide, inter alia, that borrowings shall at no time exceed 35% of net assets, that the Company must hold 40 investments or more and that the net assets must exceed £650 million. At 31 December 2021 the Company held 72 investments, net assets were £1,561,066,000 and borrowings were 12.8% thereof. The Company has complied with all financial covenants throughout the year.

The Company also has three fixed rate term loan facilities with RBSI, all of which are fully drawn down and have maturity dates of 31 May 2022, 31 May 2023 and 16 May 2024 respectively. Financial covenants contained within the relevant loan agreements provide, inter alia, that borrowings shall at no time exceed 40% of net assets and that the net assets must exceed £650 million. At 31 December 2021 net assets were £1,561,066,000, and borrowings were 12.8% thereof. The Company has complied with all financial covenants throughout the year.

14. Share capital

	2021 Number	£'000	2020 Number	£'000
Allotted, called up and fully paid Ordinary shares of 25p each:				
Balance brought forward	**128,438,662**	**32,110**	129,332,003	32,333
Ordinary shares bought back to Treasury in the year	**(2,576,806)**	**(644)**	(973,341)	(243)
Ordinary shares issued in the year	**–**	**–**	80,000	20
Balance carried forward	**125,861,856**	**31,466**	128,438,662	32,110

	2021 Number	£'000	2020 Number	£'000
Treasury shares:				
Balance brought forward	**973,341**	**243**	–	–
Ordinary shares bought back to Treasury in the year	**2,576,806**	**644**	973,341	243
Balance carried forward	**3,550,147**	**887**	973,341	243

At 31 December 2021, shares held in Treasury represented 2.8% (2020 – 0.8%) of the Company's total issued share capital.

During the year 2,576,806 Ordinary shares were bought back to Treasury (2020 – 973,341) at a total cost of £28,949,000 (2020 – £9,304,000) net of expenses. Subsequent to the year end a further 426,838 Ordinary shares have been bought back to Treasury at a total cost of £5,003,000. During 2020, 80,000 new Ordinary shares were issued at a premium to net asset value, enhancing net assets per share for existing shareholders. The issue prices ranged from 1,239p to 1,254p raising £998,000 net of expenses.

On a winding up of the Company, any surplus assets available after payment of all debts and satisfaction of all liabilities of the Company shall be applied in repaying the Ordinary shareholders the amounts paid up on such shares. Any surplus shall be divided among the holders of Ordinary shares according to the amount paid up on such shares respectively.

Voting rights. In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for every 25p nominal amount of Ordinary shares held.

15. Capital reserve

	2021 £'000	2020 £'000
At 31 December 2020	**991,513**	1,060,756
Movement in fair value gains/(losses)	**139,637**	(49,645)
Capital expenses (including taxation)	**(6,907)**	(6,537)
Buy back of shares to Treasury	**(28,949)**	(9,304)
Currency losses	**(745)**	(3,757)
At 31 December 2021	**1,094,549**	991,513

Included in the total above are investment holdings gains at the year end of £408,975,000 (2020 – £322,250,000).

16. Net asset value per share

The net asset value per share and the net asset value attributable to the Ordinary shares, at the year end calculated in accordance with the Articles of Association and FRS 102 were as follows:

	As at 31 December 2021	As at 31 December 2020
Attributable net assets (£'000)	**1,561,066**	1,461,827
Number of Ordinary shares in issue (excluding Treasury)	**125,861,856**	128,438,662
Net asset value per share (pence)	**1,240.3**	1,138.2

17. Analysis of changes in net debt

	At 31 December 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements[A] £'000	At 31 December 2021 £'000
Cash and short-term deposits	3,208	(745)	6,242	–	8,705
Debt due within one year	(50,000)	–	50,000	(59,975)	(59,975)
Debt due after more than one year	(149,805)	–	(49,904)	59,870	(139,839)
	(196,597)	(745)	6,338	(105)	(191,109)

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	At 31 December 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements[A] £'000	At 31 December 2020 £'000
Cash and short-term deposits	30,040	(3,757)	(23,075)	–	3,208
Debt due within one year	(50,000)	–	–	–	(50,000)
Debt due after more than one year	(149,704)	–	–	(101)	(149,805)
	(169,664)	(3,757)	(23,075)	(101)	(196,597)

[A] 2021 figures reflect a movement in maturity dates and amortisation of finance costs, 2020 figures reflect amortisation of finance costs.

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

18. Financial instruments 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 listed equities and debt securities, 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 may enter into derivative transactions for the purpose of managing market risks arising from the Company's activities in the form of swap contracts, forward foreign currency contracts, futures and options.

The Board has delegated the risk management function to Aberdeen Standard Fund Managers Limited ("ASFML") under the terms of its management agreement with ASFML (further details of which are included in the Directors' Report). 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.

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

ASFML is a fully integrated member of the abrdn Group ("the Group"), which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. 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 ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's Chief Executive Officer 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 abrdn plc, 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, foreign currency risk and price risk), (ii) liquidity risk and (iii) credit risk.

(i) **Market risk**. The fair value and future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, foreign currency risk and price risk.

Interest rate risk. Interest rate risk is the risk that interest rate movements will affect:

– the fair value of the investments in fixed interest rate securities; and

– the level of income receivable on cash deposits;

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 reviews the values of the fixed interest rate securities on a regular basis.

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 facilities, which are used to finance opportunities at low rates. Current bank covenant guidelines are detailed in note 13 on page 90.

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 December 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000
Assets					
Sterling	–	–	7,637	8,143	116,658
US Dollar	22.06	5.52	38,866	267	527,077
Indian Rupee	4.18	7.71	20,399	2	17,061
Indonesian Rupiah	8.45	7.51	32,128	–	37,546
Mexican Peso	2.52	6.11	27,836	–	92,390
South African Rand	9.17	7.00	15,590	–	15,794
Turkish Lira	2.88	8.51	6,023	–	–
Other	–	–	–	293	784,307
Total assets			148,479	8,705	1,590,833

Notes to the Financial Statements

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Liabilities					
Bank loans	**1.22**	**2.07**	**(149,905)**	**–**	**–**
Loan Notes	**9.37**	**2.24**	**(49,909)**	**–**	**–**
Total liabilities			**(199,814)**	**–**	**–**

At 31 December 2020	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000
Assets					
Sterling	–	–	7,488	2,932	100,322
US Dollar	23.42	6.02	53,354	269	485,232
Indian Rupee	4.56	7.87	36,657	2	17,164
Indonesian Rupiah	9.50	7.53	32,708	–	35,729
Mexican Peso	3.58	6.09	30,267	–	97,057
South African Rand	10.17	7.00	17,074	–	5,995
Turkish Lira	3.88	8.50	13,182	–	–
Other	–	–	–	5	714,176
Total assets			190,730	3,208	1,455,675
Liabilities					
Bank loans	1.66	1.73	(199,805)	–	–
Total liabilities			(199,805)	–	–

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 loans are shown in note 13 to the financial statements.

The fixed rate assets represents quoted preference shares and bonds.

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

The non-interest bearing assets represent the equity element of the portfolio.

Short-term debtors and creditors have been excluded from the above tables as they are not considered to be exposed to interest rate risk.

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

If interest rates had been 25 basis points higher or lower (based on the current parameter used by the Manager's Investment Risk Department on risk assessment) and all other variables were held constant, the Company's revenue return for the year ended 31 December 2021 would increase/decrease by £22,000 (2020 – increase/decrease by £8,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.

The capital return would decrease/increase by £6,830,000 (2020 – increase/decrease by £8,526,000) using VaR ("Value at Risk") analysis based on 100 observations of weekly VaR computations of fixed interest portfolio positions at each year end.

Foreign currency risk. A significant proportion of the Company's investment portfolio is invested overseas whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investment holdings 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. The Manager seeks, when deemed appropriate, to manage exposure to currency movements on borrowings by using forward foreign currency contracts as a hedge against potential foreign currency movements. At 31 December 2021 the Company did not have any forward foreign currency contracts (2020 – none).

The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk.

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Currency risk exposure. Currency risk exposure (excluding fixed interest securities) by currency of denomination:

	31 December 2021			31 December 2020		
	UK and overseas equity investments £'000	Net monetary assets[A] £'000	Total currency exposure £'000	UK and overseas equity investments £'000	Net monetary assets[A] £'000	Total currency exposure £'000
US Dollar	**527,077**	**267**	**527,344**	485,232	269	485,501
Taiwan Dollar	**211,589**	**281**	**211,870**	191,477	5	191,482
Euro	**108,878**	**12**	**108,890**	103,464	–	103,464
Canadian Dollar	**105,794**	**–**	**105,794**	65,727	–	65,727
Mexican Peso	**92,390**	**–**	**92,390**	97,057	–	97,057
Swedish Krone	**86,431**	**–**	**86,431**	58,688	–	58,688
Singapore Dollar	**60,329**	**–**	**60,329**	56,426	–	56,426
Hong Kong Dollar	**59,761**	**–**	**59,761**	57,642	–	57,642
Swiss Franc	**56,674**	**–**	**56,674**	93,181	–	93,181
Thailand Baht	**41,949**	**–**	**41,949**	39,075	–	39,075
Indonesian Rupiah	**37,546**	**–**	**37,546**	35,729	–	35,729
Danish Krone	**35,496**	**–**	**35,496**	–	–	–
Norwegian Krone	**17,406**	**–**	**17,406**	18,699	–	18,699
Indian Rupee	**17,061**	**2**	**17,063**	17,164	2	17,166
South African Rand	**15,794**	**–**	**15,794**	5,995	–	5,995
New Zealand Dollar	**–**	**–**	**–**	15,949	–	15,949
Japanese Yen	**–**	**–**	**–**	13,848	–	13,848
	1,474,175	**562**	**1,474,737**	1,355,353	276	1,355,629
Sterling	**116,658**	**(191,671)**	**(75,013)**	100,322	(196,873)	(96,551)
Total	**1,590,833**	**(191,109)**	**1,399,724**	1,455,675	(196,597)	1,259,078

[A] Reflects cash, short-term deposits and bank borrowings.

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

Foreign currency sensitivity. The following table details the Company's sensitivity to a 10% decrease (in the context of a 10% increase the figures below should all be read as negative) in sterling against the major foreign currencies in which the Company has exposure (based on exposure >5% of total exposure). The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates, being a reasonable range of fluctuations for the period.

	2021 Capital[A] £'000	2020 Capital[A] £'000
US Dollar	**52,734**	48,550
Taiwan Dollar	**21,187**	19,148
Euro	**10,889**	10,346
Canadian Dollar	**10,579**	6,573
Mexican Peso	**9,239**	9,706
Swedish Krone	**8,643**	–
Swiss Franc	**–**	9,318
Total	**113,271**	103,641

Price risk. Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments. The Company's stated objective is to achieve an above average dividend yield, with long-term growth in dividends and capital ahead of inflation by investing principally in global equities.

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 country or sector. The allocation of assets to international markets and the stock selection process, as detailed on pages 19 and 20, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Price risk sensitivity. If market prices at the Statement of Financial Position date had been 10% higher or lower, which is a reasonable range of annual price fluctuations, while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 December 2021 would have increased/decreased by £159,083,000 (2020 – increase/decrease of £145,568,000) and equity would have increased/decreased by the same amount.

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

At 31 December 2021	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	60,000	60,000	30,000	–	–	–	150,000
Loan Notes	–	–	–	–	–	50,000	50,000
Interest cash flows on bank loans	2,585	1,371	337	–	–	–	4,293
Interest cash flows on Loan Notes	1,120	1,120	1,120	1,120	1,120	5,040	10,640
Cash flows on other creditors	2,077	–	–	–	–	–	2,077
	65,782	62,491	31,457	1,120	1,120	55,040	217,010

At 31 December 2020	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	50,000	60,000	60,000	30,000	–	–	200,000
Interest cash flows on bank loans	3,131	2,585	1,371	337	–	–	7,424
Cash flows on other creditors	2,085	–	–	–	–	–	2,085
	55,216	62,585	61,371	30,337	–	–	209,509

Management of the risk. Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (note 13).

(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

– where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;

– investments in quoted bonds are made across a variety of industry sectors and geographic markets so as to avoid concentrations of credit risk;

– transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;

– investment transactions are carried out with a 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 daily review of failed trade reports. In addition, both stock and cash reconciliations to the custodian's records are performed daily to ensure discrepancies are investigated in a timely manner. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee;

– cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long-term rated) and A-1/P-1 (Short-term rated) counterparties.

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 31 December 2021 was as follows:

	2021		2020	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Quoted preference shares and bonds at fair value through profit or loss	**148,479**	**148,479**	190,730	190,730
Current assets				
Other debtors	**87**	**87**	109	109
Accrued income	**8,432**	**8,432**	9,478	9,478
Cash and short-term deposits	**8,705**	**8,705**	3,208	3,208
	165,703	**165,703**	203,525	203,525

None of the Company's financial assets is secured by collateral or other credit enhancements.

Credit ratings. The table below provides a credit rating profile using Moodys credit ratings for the quoted preference shares and bonds at 31 December 2021 and 31 December 2020:

	2021 £'000	2020 £'000
A3	**14,235**	14,901
Ba1	**4,025**	–
Baa1	**13,601**	15,365
Ba2	**15,590**	38,310
Baa2	**32,127**	32,707
Ba3	**32,497**	13,350
Baa3	**–**	17,292
Non-rated	**36,404**	58,805
	148,479	190,730

Whilst a substantial proportion of the fixed interest portfolio does not have a rating provided by Moodys, the Manager undertakes an ongoing review of their suitability for inclusion within the portfolio as set out in "Investment Process" and "Delivering the Investment Policy" on pages 19 and 20. At 31 December 2021 Moodys credit ratings agency did not provide a rating for Ecuador bonds, Indian bonds, Turkish bonds and Irredeemable preference shares (2020 – Ecuador bonds, Indian bonds, Turkish bonds and Irredeemable preference shares) held by the Company and were accordingly categorised as non-rated in the table above. It was noted however that Fitch credit ratings agency does provide a B- rating for Ecuador bonds with a value of £6,370,000 (2020 – £5,157,000 with a B- rating) and a BB- rating for Turkish bonds with a value of £6,023,000 (2020 – £13,182,000 with a BB- rating).

Fair values of financial assets and financial liabilities. The fair value of borrowings has been calculated at £201,783,000 as at 31 December 2021 (2020 – £203,597,000) compared to a carrying amount in the financial statements of £199,814,000 (2020 – £199,805,000) (note 12). 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. The carrying value of all other assets and liabilities is an approximation of fair value.

19. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have 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 in 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:

As at 31 December 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	**1,590,833**	**–**	**–**	**1,590,833**
Quoted preference shares	b)	**–**	**7,637**	**–**	**7,637**
Quoted bonds	b)	**–**	**140,842**	**–**	**140,842**
Total		**1,590,833**	**148,479**	**–**	**1,739,312**

As at 31 December 2020	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,455,675	–	–	1,455,675
Quoted preference shares	b)	–	7,488	–	7,488
Quoted bonds	b)	–	183,242	–	183,242
Total		1,455,675	190,730	–	1,646,405

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 preference shares and bonds.** The fair value of the Company's investments in quoted preference shares and bonds has been determined by reference to their quoted bid prices at the reporting date. Investments categorised as Level 2 are not considered to trade in active markets.

20. Capital management policies and procedures

The investment objective of the Company is to achieve an above average dividend yield, with long-term growth in dividends and capital ahead of inflation by investing principally in global equities.

The capital of the Company consists of bank borrowings and equity, comprising issued capital, reserves and retained earnings. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing which takes into account the Investment Manager's views on the market;

– the level of equity shares in issue; and

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

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

Details of the Company's gearing facilities and financial covenants are detailed in note 13 of the financial statements. The Company does not have any other externally imposed capital requirements.

21. Related party transactions and transactions with the Manager

Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on page 63.

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

In the opinion of the Directors on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

Alternative Performance Measures

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

Discount to net asset value per Ordinary share

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

		2021	2020
NAV per Ordinary share (p)	a	**1,240.30**	1,138.15
Share price (p)	b	**1,156.00**	1,130.00
Discount	(b-a)/a	**-6.8%**	-0.7%

Dividend cover

Dividend cover measures the revenue return per share divided by total dividends per share, expressed as a ratio.

		2021	2020
Revenue return per share	a	**51.7p**	46.6p
Dividends per share	b	**55.0p**	54.5p
Dividend cover	a/b	**0.94x**	0.86x

Dividend yield

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

		2021	2020
Dividends per share	a	**55.00p**	54.50p
Share price	b	**1,156.00p**	1,130.00p
Dividend yield	a/b	**4.8%**	4.8%

Net gearing

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

		2021	2020
Borrowings (£'000)	a	**199,814**	199,805
Cash (£'000)	b	**8,705**	3,208
Amounts due to/(from) brokers (£'000)	c	**–**	–
Shareholders' funds (£'000)	d	**1,561,066**	1,461,827
Net gearing	(a-b+c)/d	**12.2%**	13.4%

Ongoing charges ratio (OCR)

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

	2021	2020
Investment management fees (£'000)	**6,953**	6,849
Administrative expenses (£'000)	**1,752**	1,966
Less: non-recurring charges[A] (£'000)	**(74)**	(81)
Ongoing charges (£'000)	**8,631**	8,734
Average net assets (£'000)	**1,510,301**	1,346,488
Ongoing charges ratio (excluding look-through costs)	**0.57%**	0.65%
Look-through costs[B]	**0.02%**	0.03%
Ongoing charges ratio (including look-through costs)	**0.59%**	0.68%

[A] Professional services comprising new Director recruitment costs and legal fees considered unlikely to recur.
[B]Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

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

Alternative Performance Measures

Continued

Total return

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

Year ended 31 December 2021		NAV	Share Price
Opening at 1 January 2021	a	**1,138.2p**	1,130.0p
Closing at 31 December 2021	b	**1,240.3p**	1,156.0p
Price movements	c=(b/a)-1	**9.0%**	2.3%
Dividend reinvestment[A]	d	**5.1%**	4.9%
Total return	c+d	**+14.1%**	+7.2%

Year ended 31 December 2020		NAV	Share Price
Opening at 1 January 2020	a	**1,190.0p**	1,260.0p
Closing at 31 December 2020	b	**1,138.2p**	1,130.0p
Price movements	c=(b/a)-1	**-4.4%**	-10.3%
Dividend reinvestment[A]	d	**5.3%**	5.0%
Total return	c+d	**+0.9%**	-5.3%

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

Corporate Information

The Company's Manager is Aberdeen Asset Managers Limited, a subsidiary of abrdn plc, whose group companies as at 31 December 2021 had approximately £542 billion of assets under management and administration

The Company invests in Cisco Systems, a multinational conglomerate providing networking hardware, software and telecommunications equipment

Information about the Investment Manager

Aberdeen Asset Managers Limited

The Company's Manager is Aberdeen Asset Managers Limited, a subsidiary of abrdn plc, whose group companies as at 31 December 2021 had approximately £542 billion of assets under management and administration. The Manager has its headquarters in Edinburgh and invests globally, operating from over 60 offices around the world. Its investment teams are generally based in the markets or regions in which they invest; in the UK its main investment centres are in London and Edinburgh.

The abrdn Global Equity Team

The global equity team at abrdn comprises thirteen individuals, predominantly based in Edinburgh, with two in the US. This team leverages the investment analysis and research work conducted at the regional level within abrdn. While the team can, and do, appraise investments as a combined group, the team is also arranged into smaller 'pods', driven by product focus. The global equity income pod at abrdn comprises five individuals. The rationale for having small groups focusing on various key client outcomes is that it allows research and idea generation to be explicitly focused on each specific client outcome. It also allows for greater accountability and a more flexible and nimble decision making process.

Bruce Stout

Senior Investment Director

The management of the Company's assets is led by Bruce Stout who is assisted by Martin Connaghan and Samantha Fitzpatrick. Bruce Stout is a Senior Investment Director on the Global Equity Team which is responsible for the construction of global equity portfolios. Bruce joined Aberdeen Asset Managers Limited (or acquired companies) in 1987 and has held a number of roles including investment manager on the emerging markets team. He has been directly involved in the management of the Company's assets since 1992 and Manager since 2004.

Martin Connaghan

Investment Director

Martin Connaghan is an Investment Director on the Global Equity team. Martin joined Aberdeen Asset Managers Limited (or acquired companies) in 1998 and has held a number of roles including Trader, Credit Analyst and ESG Analyst. He has been focused on the management of global equity portfolios for the last fifteen years.

Samantha Fitzpatrick

Investment Director

Samantha Fitzpatrick is an Investment Director on the Global Equity Team at abrdn. Samantha joined Aberdeen Asset Managers (or acquired companies) in 1998 and has been involved in the management of global equity portfolios for the last fifteen years. She is a CFA Charter holder.

The Investment Process, Philosophy and Style

Idea Generation

The Manager's scale affords coverage of a wide and dynamic universe, with in-depth, locally-sourced insights with over 1,000 investment professionals across the world supporting fundamental stock research and insight generation. Research coverage is organised by region and on a sector basis, with analysts developing deep expertise which enables them to identify investment opportunities through fundamental knowledge at both the sector and stock level. The Manager has excellent access to the companies which it researches, through structured meetings and regular conversations with key decision-makers and conducts several thousand company meetings per year, in addition to the many ESG engagements undertaken with companies. The Manager conducts over 6,000 company meetings each year and maintains a coverage list of global stocks of 2,000 stocks

Research

The Manager has developed a proprietary research platform used by all its equity, credit and ESG teams, giving instant access to research globally. The research is focused on four key areas:

- **Foundations** – the Manager analyses how the company makes money, the attractiveness and characteristics of its industry, and the strength and sustainability of the economic 'moat'. This includes a thorough evaluation of the environmental, social and governance (ESG) risks and opportunities of the company. Face-to-face meetings anchor how the Manager understands and challenges the key elements of a company's fundamentals: the evolution and growth of the business; the sustainable competitive advantage; management's track record of execution and managing risk; past treatment of minority shareholders; the balance sheet and financials; and ESG risks and opportunities of the company in question.
- **Dynamics** – the shorter- and longer-term dynamics of the business that will be the key determinants of its corporate value over time. Specifically the Manager looks for changes in the factors driving the market price of a stock, identifying the drivers that the wider market may not be pricing in. Understanding the dynamics behind these drivers allows the Manager to focus on the factors that will drive shareholder returns from a particular stock.
- **Financials and Valuation** – the Manager examines the strengths and weaknesses of the company's financials including a thorough analysis of the balance sheet, cash flow and accounting, the market's perception of the company's future prospects and value, and its own forecasts of future financials and how the stock should be priced. This includes significant focus on the dividend paying capability of each business, the potential for dividend growth and the sustainability of the payout.
- **Investment insight and risk** – the Manager articulates its investment thesis, explaining how it views a stock differently from the market consensus and how the Manager expects to crystallise value from the holding over time.

Integrated ESG Analysis

The detailed analysis of the Manager's embedded ESG process is contained on pages 21 to 27.

Idea Capture

To ensure that the Manager captures the best ideas from the global research platform, the Global Equity Team is fully integrated into the regional research process. The Team mirrors the sector specialisms across the various regional desks and they contribute to, and participate in, the investment debate of the stocks in their sector. Being fully integrated allows the Team to be present at all stages along the investment journey and build their own conviction into the underlying investment cases.

The Team attends company meetings as well as the regional teams' sector review meetings, facilitating deep knowledge of the companies and the degree of conviction underpinning the investment insights. This allows the Team to capture effectively the highest conviction ideas and the most important news flow across the research platform.

Peer Review

Having a common investment language facilitates effective communication and comparison of investment ideas through peer review which is a critical part of the process. All investment ideas are subject to rigorous peer review, both at regular meetings and on an ad hoc basis – and all team members debate stocks, meet companies from all industries, and given their dual fund manager / analyst role are incentivised to fully participate in the entire process.

Portfolio Construction/Risk Controls

Portfolios are built from the bottom up, prioritising high conviction stock ideas in a risk aware framework, giving clients access to the best investment ideas. Portfolio risk budgets are derived from clients' investment objectives and required outcomes. Peer review is an essential component of the construction process with dedicated portfolio construction pods (smaller dedicated groups of

Information about the Investment Manager

Continued

senior team members that have clear accountability for the strategy) debating stock holdings, portfolio structure and risk profiles.

As an active equity investor the Manager has adopted a principled portfolio construction process which actively takes appropriate and intentional risk to drive return. The largest component of the active risk will be stock-specific risk, along with appropriate levels of diversification. Risk systems monitor and analyse risk exposures across multiple perspectives breaking down the risk within the portfolio by industry and country factors, by currency and macro factors, and by other fundamental factors (quality, momentum, etc.). Consideration of risk starts at the stock level with the rigorous company research helping the Manager to avoid stock specific errors. The Manager ensures that any sector or country risk is appropriately sized and managed relative to the overall objectives of the Company.

Operational Risk and Independent Governance Oversight

Risk management is an integral part of the Manager's management process and portfolios are formally reviewed on a regular basis with the Manager's Global Head of Equities, the Portfolio Managers, the Manager's Investment Governance & Oversight Team (IGO) and members of the Manager's Investment Risk Team. This third party oversight both monitors portfolio risk and also oversees operational risk to ensure client objectives are met.

Investor Information

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 (murray-intl.co.uk) and the TrustNet website (trustnet.co.uk). Alternatively you can call 0808 500 0040 (free when dialling from a UK landline) for investment company information.

Abrdn Social Media Accounts

Twitter: @abrdnTrusts

LinkedIn: abrdn Investment Trusts

Investor Warning
The Board has been made aware by the Manager that some investors have received telephone calls from people purporting to work for the Manager, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for the Manager and any third party making such offers has no link with the Manager. The Manager never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact the Manager's investor services centre using the details provided below.

Dividend Tax Allowance
The annual tax-free personal allowance on dividend income is £2,000 for the 2021/2022 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Direct Investment in Shares
Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the abrdn Investment Plan for Children, abrdn Investment Trusts ISA and abrdn Share Plan.

abrdn Investment Plan for Children
abrdn 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%) on all purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time. 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.

abrdn Share Plan
abrdn 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%). 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 abrdn 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.

abrdn Investment Trusts ISA
An investment of up to £20,000 can be made in the tax year 2021/2022. 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.

Investor Information

Continued

ISA Transfer to abrdn

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

Shareholder Enquiries

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, Link Asset Services at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or Tel: 0371 664 0300 Lines are open 9.00 a.m. to 5.30 p.m. (London Time) 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, Murray International Trust PLC, 1 George Street, Edinburgh EH2 2LL or by email at **CEF.CoSec@abrdn.com.**

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

Literature Request Service

For literature and application forms for the Company and the abrdn range of investment trust products, please telephone: 0808 500 4000. For information on the abrdn Investment Plan for Children, abrdn Share Plan, abrdn Investment Trusts ISA or an ISA Transfer to abrdn please write to abrdn Investment Trust Administration, PO Box 11020, Chelmsford, Essex, CM99 2DB or telephone the Manager's Customer Services Department on 0808 500 00 40 (free from a UK landline). Terms and conditions for the abrdn managed savings products can be found under the literature section of **invtrusts.co.uk.**

Key Information Document ("KID")

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

www.invtrusts.co.uk/en/fund-centre/literature-order-form.

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 Youinvest; Barclays Smart Investor; Charles Stanley Direct; Fidelity; Halifax; Hargreaves Lansdown; Interactive Investor; Novia; Transact; and Standard Life.

Discretionary Private Client Stockbrokers

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

Independent Financial Advisers

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

Regulation of Stockbrokers

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

Tel: **0800 111 6768**
Website: **https://register.fca.org.uk/**
Email: **register@fca.org.uk**

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of global companies by investment in a relatively risk averse investment trust and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

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

AIFMD Disclosures (Unaudited)

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and BNY Mellon as its depositary under the AIFMD. abrdn 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 murray-intl.co.uk. There have been no material changes to the disclosures contained within the PIDD since its last publication in March 2021.

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 are included in the Strategic Report.
- None of the Company's assets is subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 18 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 Company's Investment Policy risk limits, 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 ASFML.
- 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 Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 121) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2021 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 December 2021	1.24	1.25

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the gearing agreements. 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 ASFML 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 pages 109 to 111 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority

Glossary of Terms

ASFML
Aberdeen Standard Fund Managers Limited is a wholly owned subsidiary of abrdn PLC and acts as the Alternative Investment Fund Manager for the Company. ASFML is authorised and regulated by the Financial Conduct Authority.

AIC
The Association of Investment Companies – the AIC is the trade body for closed-ended investment companies (**theaic.co.uk**).

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 (Undertakings for Collective Investments in Transferable Securities) fund and which is managed/marketed in the EU. The Company has been designated as an AIF.

Alternative Performance Measure or APM
An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Common Reporting Standards or CRS
Under CRS the Company is required to provide personal information to HMRC on certain investors that purchase shares in the Company. This information will be provided annually to the local tax authority of the tax residencies of a number of non UK based certificated shareholders and corporate entities.

Discount
The amount by which the market price per share of an investment trust is lower than the NAV per share. The discount is normally expressed as a percentage of the NAV per share.

Disclosure Guidance and Transparency Rules or DTRs
The DTRs are issued by the Financial Conduct Authority (FCA) and contain requirements for publishing and distributing annual financial reports, half-yearly financial reports and other regulatory statements, and are applicable to investment companies which are listed on the main market of the London Stock Exchange.

Dividend Cover
Revenue return per share divided by dividends per share expressed as a ratio.

Dividend Entitlements
The Ordinary shares carry the right to receive the revenue profits (including accumulated revenue reserves) of the Company available for distribution as dividend and determined to be distributed by way of interim and/or final dividend and at such times as the Directors may determine.

Electronic Communications
Any registered shareholders wishing to receive future communications from the Company electronically should contact Link Asset Services at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or Tel: 0371 664 0300 (lines are open 9.00 a.m. –5.30 p.m. Mon-Fri).

Environmental, Social and Governance or ESG
ESG refers to the three key factors that can be used to measure the sustainability and impact on society of an investee company.

Gearing
Investment Trusts can 'gear' or borrow money to invest but unit trusts are limited in this respect. Gearing can magnify a fund's return, however, a geared investment is riskier because of the borrowed money.

Investment Manager or Manager
The Company's Alternative Investment Fund Manager is Aberdeen Standard Fund Managers Limited ("ASFML") which is authorised and regulated by the Financial Conduct Authority. Day-to-day management of the portfolio is delegated to Aberdeen Asset Managers Limited ("AAM"). AAM and ASFML are collectively referred to as the "Investment Manager" or the "Manager".

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

Key Performance Indicator or KPI

In accordance with the Companies Act 2006, the Strategic Report section of the Annual Report is required to contain Key Performance Indicators. These are factors by reference to which the development, performance or position of the business of the Company can be measured effectively.

Listing Rules

The Financial Conduct Authority's (FCA) Listing Rules are a set of regulations that are applicable to all companies that are listed on the London Stock Exchange.

MiFID

The Markets in Financial Instruments Directive 2004/39/EC (MiFID)is a European Union law that provides harmonised regulation for investment services across the 31 member states of the European Economic Area.

Net Asset Value or NAV

The value of total assets less liabilities. Liabilities for this purpose includes current and long-term liabilities. The NAV divided by the number of shares in issue produces the NAV per share.

Net Gearing/(Cash)

Net gearing/(cash) is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.

Ongoing Charges Ratio (OCR)

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

PIDD or Pre-Investment Disclosure Document

The Manager and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD'), a copy of which can be found on the Company's website.

Premium

The amount by which the market price per share of an investment trust exceeds the NAV per share. The premium is normally expressed as a percentage of the NAV per share.

Prior Charges

The name given to all borrowings including debentures, long-term loans and short-term loans and overdrafts 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.

Reference Index

The Company does not have a Benchmark. However, performance is measured against a number of measures including a Reference Index, the FTSE All World TR Index, which was adopted in April 2020. Given the composition of the portfolio and the Manager's investment process, it is likely that the Company's investment performance may diverge, possibly significantly, from this Reference Index. Performance prior to 27 April 2020 was measured against a composite Benchmark Index (40% of the FTSE World UK Index and 60% of the FTSE World ex-UK Index) up to 27 April 2020 and the FTSE All World TR Index thereafter.

Total Assets

The total assets less current liabilities as shown on the Balance Sheet with the addition of Prior Charges (as defined above).

Total Return

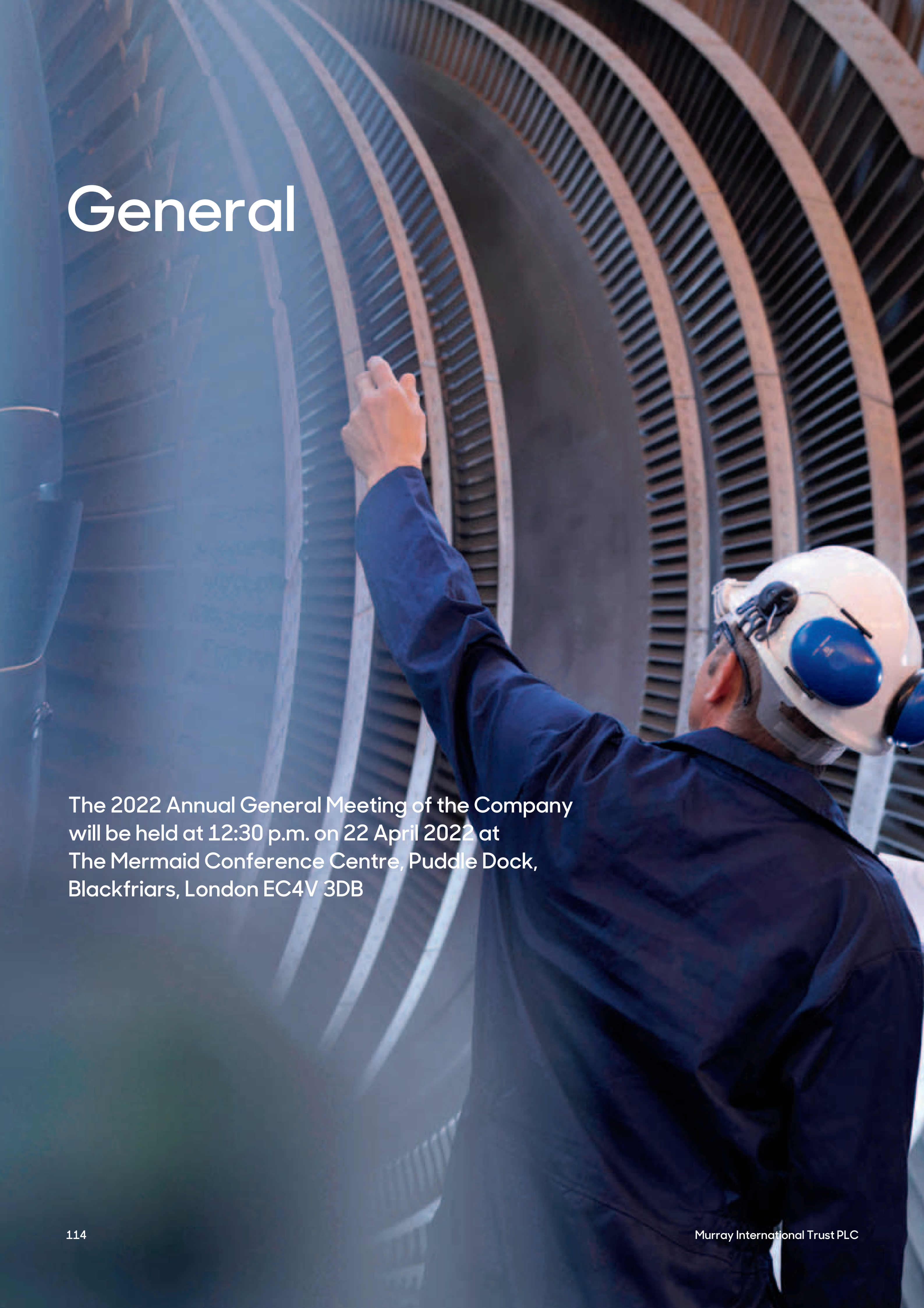
Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, eg quarter end, half year or year end date.

Voting Rights

In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for every 25p nominal amount of Ordinary shares held.

Winding-Up Entitlements

On a winding up of the Company, any surplus assets available after payment of all debts and satisfaction of all liabilities of the Company shall be applied in repaying the Ordinary shareholders the amounts paid up on such shares. Any surplus shall be divided among the holders of Ordinary shares pari passu according to the amount paid up on such shares respectively.



General

The 2022 Annual General Meeting of the Company will be held at 12:30 p.m. on 22 April 2022 at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and fourteenth Annual General Meeting of Murray International Trust PLC (registered in Scotland under company number SC006705) will be held at 12:30 p.m. on 22 April 2022 at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB for the following purposes:

Ordinary Business

As ordinary business to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

1. To receive the Directors' Report, the Auditor's Report and audited financial statements for the year ended 31 December 2021.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 December 2021 (other than the Directors' Remuneration Policy).
3. To re-elect Ms C Binyon* as a Director of the Company.
4. To re-elect Mrs A Mackesy* as a Director of the Company.
5. To elect Mr N Melhuish* as a Director of the Company.
6. To re-elect Mr D Hardie* as a Director of the Company.
7. To re-appoint BDO LLP as independent auditor of the Company.
8. To authorise the Directors to fix the remuneration of the independent auditor.
9. THAT a final dividend of 19.0p per Ordinary share in respect of the year ended 31 December 2021 be paid on 18 May 2022 to holders of the Ordinary shares of 25p in the capital of the Company on the register at close of business on 8 April 2022.

Special Business

As special business to consider and, if thought fit, pass the following resolutions in the case of resolution 10 as an Ordinary Resolution and in the case of resolutions 11 and 12 as Special Resolutions:

Authority to Allot

10. THAT the Directors be generally and unconditionally authorised 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 up to an aggregate nominal amount of £3,135,875 (representing 10% of the total Ordinary share capital of the Company in issue on 3 March 2022) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2023, whichever is the earlier, but so that this authority, unless previously revoked, varied or renewed, shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares and grant rights in pursuance of such an offer or agreement as if such authority had not expired.

Disapplication of Pre-emption Rights

11. THAT the Directors be and they are hereby 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 given in accordance with Section 551 of the Act by Resolution Number 10 as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:-

    i. during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2023, whichever is earlier, but so that this power shall, unless previously revoked, varied or renewed, enable the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

Notice of Annual General Meeting

Continued

ii. up to an aggregate nominal amount of £3,135,875 (representing 10% of the total Ordinary share capital of the Company in issue on 3 March 2022); and

iii. in the circumstances detailed in the section headed "Issue of Shares" on page 59 of the Annual Report and at a price not less than 0.5% above the net asset value per share from time to time (as determined by the Directors and excluding Treasury shares).

This power applies to a sale of Treasury shares which is an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first paragraph of this Resolution the words 'pursuant to the authority given in accordance with Section 551 of the Act by Resolution Number 10' were omitted.

Authority to Make Market Purchases of Shares

12. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the Act") to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company on such terms and in such manner as the Directors from time to time determine, PROVIDED ALWAYS THAT:

    i. the maximum number of shares hereby authorised to be purchased shall be an aggregate of 18,802,709 Ordinary shares or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company (excluding shares held in Treasury) as at the date of the passing of this Resolution;

    ii. the minimum price which may be paid for a share shall be 25p;

    iii. the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of (i) an amount equal to 105% of the average of the middle market quotations for a share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out;

    iv. any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);

    v. the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or on 30 June 2023, whichever is earlier, unless such authority is previously revoked, varied or renewed prior to such time; and

    vi. the Company may, at any time prior to the expiry of the authority hereby conferred, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

* The biographies of the Directors and reasons for re-election are detailed on pages 52 and 53 of this Annual Report.

By order of the Board
Aberdeen Asset Management PLC
Secretary
3 March 2022

Registered Office
1 George Street
Edinburgh
EH2 2LL

Notes

i. Only those shareholders registered in the register of members of the Company at close of business on 20 April 2022 shall be entitled to attend and/or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time ("the specified time"). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and/or vote at the adjourned meeting. If the Meeting is adjourned for a longer period, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and/or vote at the adjourned meeting is the close of business two days (excluding non working days) prior to the time of the adjourned meeting. Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

ii. As at 3 March 2022 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consisted of 125,435,018 Ordinary shares carrying one vote each on a poll and 3,976,985 Treasury shares. Therefore, the total voting rights in the Company as at 3 March 2022 are 125,435,018 and the Treasury shares represent 3.1% of the total issued Ordinary share capital (inclusive of treasury shares).

iii. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that if two or more proxies are appointed, each proxy must be appointed to exercise the rights attaching to different shares. A Form of Proxy is enclosed with this Notice. A proxy need not be a shareholder of the Company. However, given the restrictions on attendance this year, only the Chairman of the meeting should be appointed as your proxy. If another individual is appointed, it is likely that they will be refused entry to the Annual General Meeting and will be unable to represent you and your vote. Completion and return of the Form of Proxy will not preclude shareholders from attending or voting at the Annual General Meeting, if they so wish but please note the general restriction on attendance this year. Details of how to appoint the Chairman of the Meeting as your proxy using the Form of Proxy are set out in the note to the Form of Proxy. In the event that a Form of Proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes. You may also submit your proxy electronically using The Share Portal service at signalshares.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours (excluding non-working days) before the time of the meeting applies as if you were using your Personalised Voting Form to vote or appoint a proxy by post to vote for you. Shareholders will need to use the unique personal identification Investor Code, this number can be found on your share certificate. Shareholders should not show this information to anyone unless they wish to give proxy instructions on their behalf.

iv. To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power or authority) must be deposited with the Company's Registrar, for this purpose being PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, as soon as possible, but in any event not later than 3.00 p.m. on 20 April 2022. If you have any queries relating to the completion of the Form of Proxy, please contact Link Group on 0371 664 0300 (lines are open 9.00am to 5.30pm Mon-Fri). Link Group cannot provide advice on the merits of the business to be considered nor give any financial, legal or tax advice. Alternatively, if the shareholder holds his or her shares in uncertificated form (i.e. in CREST) they may vote using the CREST System (see note (x) below).

v. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office or the address specified in note (iv) above before the commencement of the meeting or adjourned meeting at which the proxy is used.

vi. Where there are joint holders of any share, any one of such persons may vote at any meeting, and if more than one of such persons is present at any meeting personally or by proxy, the vote of the senior holder who tenders the vote shall be accepted to the exclusion of the votes of other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company.

Notice of Annual General Meeting

Continued

vii. Any 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 Annual General 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. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the shareholder who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interests in the Company (including any administrative matter). The statement of the rights of shareholders in relation to the appointment of proxies in notes (iii) to (v) does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.

viii. Any corporation which is a shareholder may authorise such person as it thinks fit to act as its representative at this meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual shareholder (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of the same shares, they vote the shares in the same way). To be able to attend and vote at the Annual General Meeting, corporate representatives will be required to produce prior to their entry to the Meeting evidence satisfactory to the Company of their appointment. However, given the restrictions on attendance at the Annual General Meeting this year, shareholders should note that any corporate representative attempting to attend the Annual General Meeting in person is likely to be refused entry and any corporations which are members are therefore advised to instead appoint the Chairman of the meeting as their proxy.

ix. To allow effective constitution of the Annual General Meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

x. Notes on CREST Voting:

1. CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear UK & Ireland ("Euroclear") website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
2. In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 12:30 p.m. on 20 April 2022. 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 applications Host) from which the issuer's agent is able to retrieve the message. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. 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 CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's registrars no later than 12:30 p.m. on 20 April 2022.

xi. Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

xii. In accordance with Section 311A of the Companies Act 2006, the contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website murray-intl.co.uk.

xiii. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a shareholder attending the Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

xiv. Shareholders should note that it is possible that, pursuant to requests made by shareholders 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: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstance 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, that the shareholders propose to raise at the Meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later that 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 the website.

xv. Participants in the abrdn Share Plan, Plan for Children and ISA are entitled to vote by completing the enclosed Letter of Direction and returning it to the Company's registrars.

xvi. The Board is hopeful that the 2022 AGM will be an in-person meeting. However, given the evolving nature of the Covid-19 pandemic, should circumstances change significantly before the time of the AGM, the Company will notify shareholders of any changes to the AGM arrangements by updating the Company's website at murray-intl.co.uk and through an RIS announcement, where appropriate, as early as is possible before the date of the meeting. Shareholders should note that if law or Government guidance so requires at the time of the meeting, the Chairman of the Meeting will limit, in his sole discretion, the number of individuals in attendance at the meeting and may be required to impose entry restrictions on certain persons wishing to attend the meeting in order to ensure the safety of those attending the meeting and to satisfy any requirements mandated by the venue managers.

Shareholder Information

Stock Exchange Codes	SEDOL	ISIN
Ordinary shares of 25p each	0611190	GB0006111909

Annual General Meeting

The Annual General Meeting will be on Friday 22 April 2022 at 12:30 p.m. at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB.

Online Shareholder Presentation

The Directors will be holding an Online Shareholder Presentation on Thursday 7 April 2022 at 11:00 a.m.. Further details and how to register are included in the Chairman's Statement.

Recent Ordinary Share Capital History

Year ended 31 December	Shares Issued Ordinary 25p	Share Buybacks Ordinary 25p	Shares in Issue Ordinary 25p
2012	10,145,888	n/a	121,283,242
2013	3,840,500	n/a	125,126,207
2014	2,232,500	n/a	127,361,901
2015	130,000	n/a	127,601,952
2016	155,625	1,081,463	127,484,238
2017	301,642	n/a	127,785,880
2018	357,665	n/a	128,143,545
2019	1,188,458	n/a	129,332,003
2020	80,000	973,341	128,438,662
2021	–	2,576,806	125,861,856

History

Murray International Trust PLC started its life in 1907 as The Scottish Western Investment Company Limited. The Scottish Western of the early days was very highly geared but it was mainly invested in bonds, though the international spread resembled today's, with countries such as Argentina, China, Japan, Canada and many others appearing in the portfolio. Although the range of currencies was much smaller, multi currency or even gold-backed bonds were commonplace, as many of the era's bond certificates show. The big move into equities came after the 1930s slump, when bond defaults forced the purchase of higher yielding equities to fund the costs of the Company's gearing. The Managers were not slow to spot an opportunity, but it started as Hobson's choice, and was only later hailed as brilliant foresight.

In 1929 just under 20% of the assets were in equities, in 1940 38%, in 1948 51% of the assets, which were still only £2.65 million. After deducting the preference shares (which were repaid in 1999) and debentures, the Company was effectively over 100% geared into equities by the start of the great post war boom. After a number of amalgamations, the Company emerged as a generalist investment trust. However, there was an excess of trusts with a similar broad remit, so towards the end of the 1970s the Board defined the investment brief more narrowly as the achievement of growth in income and capital through a well diversified portfolio. Symbolised by the name change from Murray Western to Murray International Trust PLC in 1984, the focus has since been on a relatively high yielding portfolio of equities in a well diversified mix of world markets.

In 2008 the Board circulated to all shareholders a short booklet to commemorate the centenary of the incorporation of the Company on 18 December 1907. In 2018 the Centenary Booklet was updated. Copies are available on the website, murray-intl.co.uk or from the Company Secretary.

Company Information

Directors
D Hardie (Chairman)
C Binyon
A Mackesy (Senior Independent Director)
N Melhuish

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

E-mail: **CEF.CoSec@abrdn.com**

Registered in Scotland as an Investment Company
Company Number SC006705

Website
murray-intl.co.uk

Points of Contact
The Chairman, the Senior Independent Director and the Company Secretary at the registered office of the Company

Email: **DavidHardie.Chairman@murray-intl.co.uk**

Manager
Aberdeen Asset Managers Limited

Customer Services Department: 0808 500 0040
(free when dialling from a UK landline)

AIFM
Aberdeen Standard Fund Managers Limited

Broker
Stifel Nicolaus Europe Limited

Registrars
Link Asset Services
Link Group
10th Floor, Central Square
29 Wellington Street
Leeds LS1 4DL

Tel: 0371 664 0300
(lines are open 9.00am-5.30pm Mon-Fri)

Tel International: (+44 208 639 3399)

E-mail: **enquiries@linkgroup.co.uk**
Share portal: **signalshares.com**

Depositary
The Bank of New York Mellon (International) Limited

Independent Auditor
BDO LLP

United States Internal Revenue Service FATCA Registration Number (GIIN)
8Y8Z2N.99999.SL.826

Legal Entity Identifier (LEI)
549300BP77JO5Y8LM5

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For more information visit:

murray-intl.co.uk