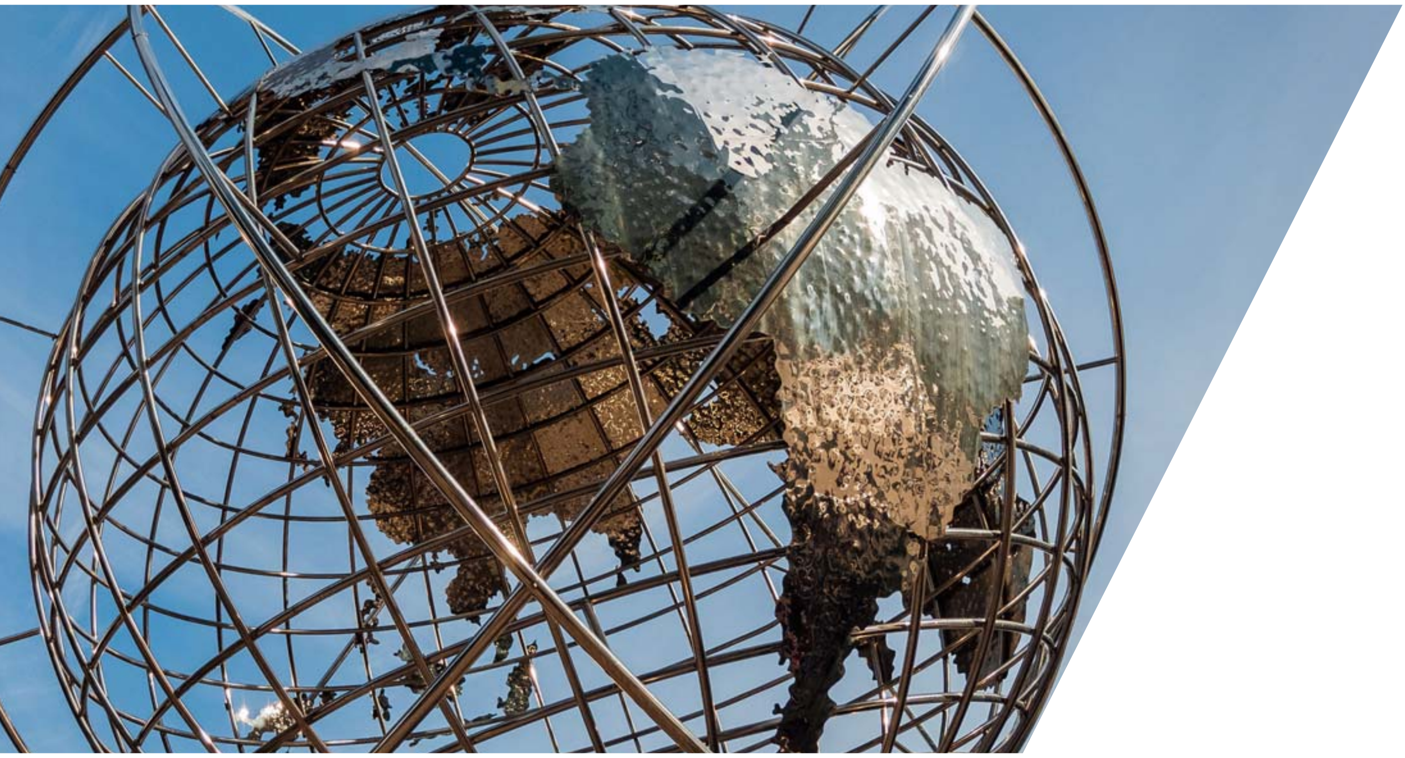
Aberdeen Standard Investments

Murray International Trust PLC

A high conviction global portfolio built with the potential to grow capital and deliver a strong and rising income



Annual Report
31 December 2019

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Visit our Website

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

"Whilst mindful of the risks posed by oscillating market sentiment, the Manager's focus will remain on companies that meet the Company's investment objective."

Kevin Carter,
Chairman

"Whilst volatility and heightened risk aversion can be a challenging environment in which to be a steward of shareholders' capital, it also represents an opportunity for the investor with a long term time horizon."

Bruce Stout,
Aberdeen Asset Managers Limited

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Highlights and Financial Calendar

Net asset value total return[AB] – 2019
+12.4%
2018 −7.5%

Share price total return[AB] – 2019
+16.5%
2018 −6.8%

Benchmark total return[BC] – 2019
+21.1%
2018 −5.2%

Premium to net asset value[AD] – 2019
5.9%
2018 2.2%

Dividends per share[BE] – 2019
53.5p
2018 51.5p

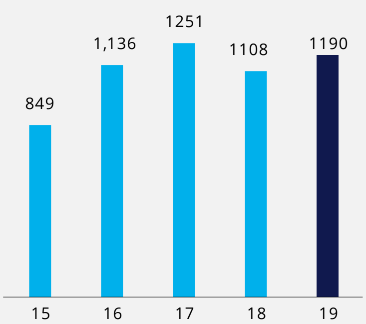
Revenue return per share[B] – 2019
54.1p
2018 49.6p

Net gearing[AD] – 2019
11.3%
2018 12.5%

Ongoing charges ratio[AD]
0.61%
2018 0.69%

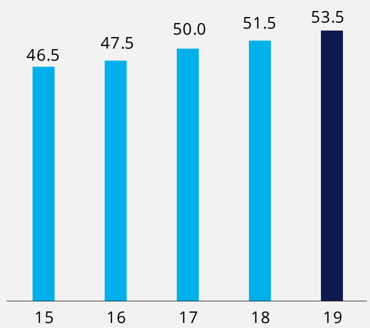
[A] Alternative Performance Measure (see pages 95 and 96).
[B] For the year to 31 December.
[C] 40% FTSE World UK Index and 60% FTSE World ex UK Index.
[D] As at 31 December.
[E] Dividends declared for the year in which they were earned.

Net Asset Value per Share



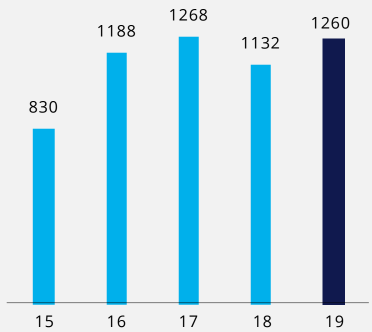
At 31 December 2019 – pence

Dividends per Share



Year ended 31 December 2019 – pence

Mid Market Price per Share



At 31 December 2019 – pence

Dividends

	Rate	Ex-dividend date	Record date	Payment date
1st interim	12.0p	4 July 2019	5 July 2019	16 August 2019
2nd interim	12.0p	3 October 2019	4 October 2019	19 November 2019
3rd interim	12.0p	2 January 2020	3 January 2020	19 February 2020
Proposed final	17.5p	2 April 2020	3 April 2020	15 May 2020
Total dividends	**53.5p**			

"The Board remains focused upon delivering value to shareholders and it is pleasing to note that the Ongoing Charges Ratio for 2019 has reduced to 0.61%."

Kevin Carter, Chairman

Financial Calendar

Payment dates of quarterly dividends	15 May 2020 14 August 2020 19 November 2020 19 February 2021
Financial year end	31 December
Annual General Meeting (London)	24 April 2020
Expected announcement of results for year ended 31 December 2020	March 2021

Highlights

	31 December 2019	31 December 2018	% change
Total assets less current liabilities (before deducting prior charges)	£1,738.8m	£1,604.3m	+8.4
Equity shareholders' funds (Net Assets)	£1,539.1m	£1,419.6m	+8.4
Market capitalisation	£1,629.6m	£1,450.6m	+12.3
Net Asset Value per Ordinary share	1,190.0p	1,107.8p	+7.4
Share price – Ordinary share (mid market)	1,260.0p	1,132.0p	+11.3
Premium to Net Asset Value per Ordinary share[A]	5.9%	2.2%	
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net gearing[A]	11.3%	12.5%	
Dividends and earnings per Ordinary share			
Revenue return per share	54.1p	49.6p	+9.1
Dividends per share[B]	53.5p	51.5p	+3.9
Dividend cover (including proposed final dividend)[A]	1.01	0.96	
Revenue reserves[C]	£75.7m	£73.6m	
Operating costs			
Ongoing charges ratio[A]	0.61%	0.69%	

[A] Considered to be an Alternative Performance Measure as defined on pages 95 and 96.

[B] The figure for dividends per share reflects the years to which their declaration relates (see note 8 on page 81) and assuming approval of the final dividend of 17.5p (2018 – 17.0p).

[C] The revenue reserve figure does not take account of the third interim and final dividends amounting to £15,520,000 and £22,647,000 respectively (2018 – £14,736,000 and £21,904,000).

1.

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

Strategic Report

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 a total return greater than its benchmark by investing predominantly in equities worldwide.

Chairman's Statement

"Your Board is recommending an increased final dividend of 17.5p (2018: 17.0p). If approved, the total Ordinary dividends for the year will amount to 53.5p, an increase of 3.9% from last year (2018: 51.5p)."

Kevin Carter, Chairman

Performance

Against almost any historical benchmark, 2019 proved to be a remarkable year for financial markets. All major asset classes recorded positive returns despite lack-lustre global economic growth and muted corporate profitability. A third of all global bond yields fell below 0% for the first time in history as deflationary fears squeezed bond prices higher. An unexpected volte face in monetary policy intentions was performed by some Central Banks fearful of slowing economic growth and persistently low inflation rates. Three interest rate cuts by the US Federal Reserve paved the way for extremely favourable worldwide liquidity conditions, and asset prices responded accordingly. Sterling volatility related to the UK's protracted European Union divorce periodically impacted the Trust, but such challenges proved temporary. Over the period solid double-digit returns were achieved in most geographical regions, including from Emerging Market bond exposures.

The Company's net asset value ("NAV") posted a total return (i.e. with net income reinvested) of 12.4%. Historically, this return would have been viewed as above average in absolute terms but it was below the total return of 21.1% from the Company's benchmark (40% FTSE World UK Index and 60% FTSE World ex UK Index). The share price posted a total return of 16.5% reflecting an increase in the level of premium to NAV. Income per share generated from the Company's portfolio amounted to 54.1p for the year.

The Investment Manager's Review on pages 11 and 12 gives further details of performance, including attribution analysis. Within most regional benchmark indices, low-yielding technology and growth companies contributed most to positive returns. For the Company's more income focused portfolio this proved challenging in relative performance terms, and not for the first time in recent years. Against a backdrop of escalating positive investor sentiment, a cautious, disciplined approach was increasingly warranted, and in general this delivered satisfactory results.

Dividends and Dividend Policy

Three interim dividends of 12.0p per share (2018: three interims of 11.5p) have been declared during the year. Your Board is now recommending an increased final dividend of 17.5p (2018: 17.0p) which, subject to the approval of shareholders at the Annual General Meeting, will be paid on 15 May 2020 to shareholders on the register on 3 April 2020. If approved, the total Ordinary dividends for the year will amount to 53.5p, an increase of 3.9% from last year (2018: 51.5p). After accounting for the payment of the final dividend, there will be a small transfer of approximately £0.6 million to the Company's revenue reserves.

This small transfer to reserves is in line with the policy that I have advised shareholders of in previous years. The Board intends to maintain its progressive dividend policy given the Company's investment objective. This means that, in some years, revenue will be added to reserves, while, in others, revenue may be taken from reserves to supplement earned revenue for that year, 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. We are maintaining our present policy not to hedge the sterling translation risk of revenue arising from non-UK assets.

Management of Premium and Discount

At the Annual General Meeting held in April 2019, 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. During the year, no Ordinary shares were purchased for Treasury or cancellation; however, we were able to sell the remaining 406,531 shares that had been held in Treasury and then to issue a further 781,927 new Ordinary shares under the Company's blocklisting facility, with all shares having been issued at a premium to NAV. The Board will be seeking approval from shareholders to renew both authorities in 2020. As in previous years, new shares will only be issued at a premium to NAV and shares will only be bought back at a discount to NAV. Resolutions to this effect will be proposed at the Annual General Meeting and the Directors strongly encourage shareholders to support these proposals.

During the year, the Ordinary shares have traded at an average premium to the NAV (including income) of 1.5%. The 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. Subject to existing shareholder permissions (given at the last AGM) and prevailing market conditions, the Board intends to continue to buy back shares and issue new shares (or, if available, sell shares from Treasury) if shares trade at a persistent significant discount to NAV (excluding income) or premium to NAV (including income), respectively. The Board believes that this process is in all shareholders' interests as it seeks to reduce volatility in the premium or discount to underlying NAV whilst also making a small positive contribution to the NAV. From the year end up to 5 March 2020, the Company has issued a further 80,000 new Ordinary shares under the Company's blocklisting, all at a premium to the underlying inclusive of income NAV. At the latest practicable date, the NAV (including income) per share was 1136.0p and the share price was 1092.0p equating to a discount of 3.9% per Ordinary share.

During the year, the Ordinary shares have traded at an average premium to the NAV (including income) of 1.5%

Gearing

At the year end, total borrowings amounted to £200 million, representing net gearing (calculated by dividing the total assets less cash by shareholders' funds) of 11.3% (2018: 12.5%) all of which is drawn in Sterling. On 17 May 2019, the Company agreed a new £30 million loan facility with The Royal Bank of Scotland International Limited ("RBSI") which was drawn in full and fixed for five years at an all-in rate of 2.25%. The new facility was used to repay a maturing £15 million loan with RBSI with the remainder being invested in the portfolio. The Company also has a loan totalling £50 million with RBSI that is due to mature in May 2020. The Directors are in the process of reviewing options for the replacement of this facility.

Chairman's Statement Continued

Annual General Meeting

This year's Annual General Meeting will be held in London at 12.30 p.m. on 24 April 2020 at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB. As at previous AGMs, there will be a presentation from the Manager and an opportunity to meet the Directors and representatives from the Manager over lunch. I should be grateful if you would confirm your attendance by completing the separate notice that will accompany the Annual Report and Financial Statements, and returning it together with an indication of any particular questions. I hope to see as many shareholders as possible at the AGM in London.

In the event that the developing situation surrounding COVID-19 should affect the plans to hold the AGM on 24 April 2020 the Company will update shareholders through an announcement to the London Stock Exchange and will provide further details on the Company's website. The Board would encourage all shareholders to exercise their votes in respect of the meeting in advance. This should ensure that your votes are registered in the event that attendance at the AGM might not be possible or restricted. We would urge shareholders to take the health and wellbeing of their fellow investors into account when deciding whether or not to attend the AGM.

Benchmark and Investment Objective

I reported last year that one of the implications of the Financial Conduct Authority's publication of its second set of rules following the Asset Management Market Study would be the need for fund managers to explain their use and adherence to benchmarks in the funds they manage. To this end, the Board and Manager have dedicated a significant amount of time during the year to a detailed review of the Company's Benchmark. The current Benchmark is a composite comprising 40% of the FTSE World UK Index and 60% of the FTSE World ex UK Index and was adopted in 2000 broadly to reflect the Manager's investment outlook and the Company's portfolio composition at that time. Since then, the allocation of the portfolio has changed significantly. In particular, the exposure to the UK has fallen considerably, rendering the Benchmark's composition relatively meaningless now. The Board recognises that the Manager does not manage the portfolio by reference to any particular market index. Instead, the Manager is seeking to find suitable companies with good potential for future earnings growth to support the yield requirement whilst also offering potential for capital growth. Therefore, it is unlikely that the Company's own performance will ever align with any benchmark that is adopted. However, it is useful and best practice in the market to provide shareholders with a comparator reference index in order to assess performance over the longer term. As a result, the Board, having consulted with the Manager and broker and subject to shareholder approval at the forthcoming AGM, has decided to remove the Company's Benchmark and introduce a new reference index, the FTSE All World TR Index (the "Reference Index") with immediate effect. It is accepted that the constituents of the Reference Index do not closely match those of the Company's portfolio and so performance will continue to diverge. Nevertheless this index should resemble the portfolio more closely than the present Benchmark, and has the benefit of being a widely recognised and used benchmark or reference index for global equities.

For comparative purposes the existing Benchmark returned 21.1% over the year to 31 December 2019 versus a return of 22.8% from the Reference Index.

In conjunction with the above change, the Board and Manager have reviewed the Company's Investment Objective with a view to refreshing the language which referenced performance against a 'benchmark'. It is now proposed to change the Investment Objective to read "*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*". The Board has been advised that this is not a material change requiring shareholder approval as it is not expected to affect how the Company's portfolio is managed. However, the Board believes that it would be best practice to put this change to shareholders in order to ensure that our key stakeholder group is supportive of this action. Therefore, a resolution to approve the change will be submitted for consideration at the forthcoming Annual General Meeting.

Directorate

As reported last year, in accordance with the Board's on-going succession planning, our Senior Independent Director, Peter Dunscombe, will be retiring from the Board at the AGM in 2020, and I will be retiring at the AGM in 2021, along with our Audit Committee Chair, Marcia Campbell, following her completion of nine years as a Board member at that date. I would like to take this opportunity of conveying my sincere thanks to Peter for the assistance that he has provided to me and the Board, and the enormous contribution that he has made to the Company since his appointment. Following Peter's retirement, David Hardie will become Senior Independent Director. A process to recruit a new independent Director, led by Peter and David, has now concluded and I am delighted to tell shareholders that Simon Fraser will be joining the Board after the forthcoming AGM, on 1 May 2020, with a view to becoming Chair of the Board upon my retirement. Simon has had a distinguished career in asset management and has recently retired as chairman of F&C Investment Trust PLC, the oldest listed investment company on the London Stock Exchange.

Appointment of New Auditor

In line with best practice and the Board's previously stated intention, during the year the Audit and Risk Committee conducted a tender for independent audit services. Following a detailed interview process the Board has accepted the Audit and Risk Committee's recommendation to appoint BDO LLP as auditor to the Company. A shareholder resolution to this effect and to authorise the Directors to agree the new auditor's remuneration will be put to shareholders at the forthcoming AGM. The Board would like to place on record its thanks to EY for the audit services that it has provided to the Company.

Ongoing Charges Ratio

The Board remains focused upon delivering value to shareholders and regularly reviews the ongoing charges ratio ("OCR"). It is pleasing to note that the OCR for 2019 has reduced to 0.61% (2018: 0.69%) which in part reflects the impact of the reduction agreed last year in the level of fees payable to the Manager.

Outlook

In my Outlook comments from last year, I expressed the view that the market repricing of late 2018 was unlikely to be the end of this corrective phase. Of course, I had in mind the risk of further market declines. Instead, as we now know, the Company's Benchmark rose by over 20% during the year. Apart from the market's capacity to make fools of those predicting its future, this outturn is also testament to the enduring ability of Central Banks to influence both actual money flows as well as investor sentiment.

> From a portfolio perspective, the ability and flexibility the Manager has to invest globally offers opportunities that are not wholly tied to the developed economies and markets

A rational assessment of where we are now would suggest a considerable portion of near-term future potential market return was "brought forward" into 2019. After all, the present US economic expansion, for example, is very long lived and current prospects only look modest at best. This is reflected in most developed economies. Meanwhile, Central Banks have already played a good part of the hand they have in 2019 through the rate cuts from last year. Caution therefore seems warranted. At the time of writing global stock markets are experiencing very significant volatility as a degree of panic related to COVID-19 has swept across the investment world. Time will tell whether this reaction is fully justified, too limited, or excessive. These matters can only be judged in retrospect and during their occurrence investors are usually wise to remain both watchful and humble.

From a portfolio perspective, the ability and flexibility the Manager has to invest globally offers opportunities that are not wholly tied to the developed economies and markets. The Manager is able to find companies whose fortunes are predominantly exposed to apparently more orthodox economies in Asia and Latin America. Such companies are often listed in so called developed markets, in addition to those listed more locally. Whilst mindful of the risks posed by oscillating market sentiment, the Manager's focus will remain on companies that meet the Company's investment objective.

Kevin Carter,
Chairman
5 March 2020

Investment Manager's Review

Bruce Stout,
Aberdeen Asset
Managers Limited

Background

Cognitive dissonance is a state of psychological discomfort familiar to most of us. The symptoms involve inconsistent thoughts, beliefs or attitudes in relation to behaviours; essentially believing one thing whilst behaving otherwise. Manifestations in everyday life subject the sufferer to uncomfortable mental conflict unless the contradiction between belief and behaviour can be resolved but torment from such dissonance seldom tends to last. Individuals can simply change their actions to align with their attitudes or vice versa. Unfortunately, the same cannot be said or done within financial markets, where cognitive dissonance embedded in economic policy and investor behaviour has caused countless historical catastrophes. Here "the lies we tell ourselves to justify inconsistent actions" contain significant disruptive consequences and potential financial hardship. Such blatant disconnect between what was said and what was done dominated the financial landscape over the period under review.

Rooted in pursuit of pain-free, political popularity, complicit Central Banks succeeded only in shredding the final fragments of their waning credibility. An unexpected and extraordinary policy U-turn by the US Federal Reserve set the tone as early as January. Insistence of independence from political and asset price influence crumbled in the wake of previous year-end financial market disruption. The rhetoric of re-establishing real interest rates and monetary discipline evaporated like the prevailing spring snow, heralding in renewed policy appeasement for both Washington and Wall Street. Yet again intolerance of upsetting financial asset prices took systemic precedence over prudent long-term policy objectives. Global financial markets responded ebulliently in the hollow belief that, crisis averted, all would be well. The strong annual performance from global equities over the period suggested, superficially, the market felt justified in its judgement.

Such disconnect was duplicated throughout the so-called developed world. The Bank of England sat like a rabbit in the headlights, paralysed from implementing policy or even providing informed opinion. Base rates stayed at 0.75% throughout as UK savers watched their incomes eroded by inflation. The message and modus operandi were equally inconsistent within Europe. Despite enormous monetary stimulus over the past decade failing to deliver economic or financial normality, the European Central Bank renewed its delusional disposition for debt dependency. More money was printed, yet Germany retreated into recession regardless. Failure to convince relentlessly rising, liquidity-obsessed equity markets of deteriorating economic fundamentals was hardly surprising. After all, the response of cutting interest rates to any downward reversal in equity markets has prevailed in established practice for over thirty years now! Yet bond markets remained much more sceptical and increasingly concerned. With each successive financial crisis, constantly lower interest rates and exponentially higher debt have squeezed global interest rates downwards to the point where there is virtually nothing left to cut! What now for a world with interest rates close to zero?

With each successive financial crisis, constantly lower interest rates and exponentially higher debt have squeezed global interest rates downwards to the point where there is virtually nothing left to cut

By summer, increasingly apoplectic bond investors began contemplating an imminent income apocalypse, and for very good reason. With over a third of all outstanding bonds worldwide possessing negative yields, savings were getting decimated. Negative ten-year German sovereign bond yields meant investors were paying the German Government for the privilege of owning German bonds. Negative five year Nestle corporate bond yields meant investors paying the company for owning its debt! This resulted in the surreal situation of investors bearing all the risk but receiving no coupon, no income and no cash. Under any normal rational circumstances such financial distortion makes absolutely no economic sense. For under-funded pension plans and stretched savers struggling to finance liabilities, such collateral damage caused by Central Bankers was beyond contempt. The disfigured and distorted economic landscape now prevailing in Europe, the UK and the US represents decades of deceit and policy mismanagement from which fewer and fewer corrective options appear possible.

Thankfully, not all the world pandered to such economic promiscuity. In Asia and Emerging Markets, constant economic orthodoxy enabled transparent debate over outcomes and expectations. From an economic textbook point of view, normality prevailed. Presidential elections in Thailand, India and Indonesia concluded with minimum disruption, leaving independent Central Banks to manage monetary policy accordingly. Numerous interest rate cuts across Asia and Latin America reflected improving fundamentals and stoked up the prospects for stronger growth ahead. Free from government intervention or hidden agendas, Emerging Market asset prices were at liberty to reflect prevailing risk and reward. Bond markets responded positively to lower than expected inflation and prudent fiscal discipline. The portfolio's Emerging Market bond portfolio contribution of +14.1% total return in Sterling terms was reflective of the path to prosperity currently being followed. Whilst overall Emerging Market equity returns proved slightly disappointing under the circumstances, rising orders, revenues and margins suggest attractive opportunities lie ahead. Patience will be required until protectionist disputes dissipate but the economic power shift from the developed to the developing world is unequivocally gathering momentum.

Performance

The NAV total return for the year to 31 December 2019 with net dividends reinvested was 12.4% compared with the Benchmark total return of 21.1%.

The top five and bottom stock contributors are detailed below:

Top Five Stock Contributors	%*	Bottom Five Stock Contributors	%*
Taiwan Semiconductor Manufacturing	1.55	Sociedad Quimica	-2.06
Atlas Copco	0.45	Public Bank	-1.04
HSBC	0.39	Daito Trust	-0.93
Royal Dutch Shell	0.33	Unilever Indonesia	-0.88
GlobalWafers	0.28	BAT Malaysia	-0.67

* % relates to the percentage contribution to return relative to the Benchmark

Investment Manager's Review Continued

Attribution Analysis

The attribution analysis below details the various influences on portfolio performance. In summary, of the 930 basis points (before expenses) of performance below the benchmark, asset allocation detracted 550 basis points and stock selection a further 380 basis points. Structural effects, relating to the fixed income portfolio and gearing net of borrowing costs, added 160 basis points of relative performance.

	Company		Benchmark		Contribution from:		
	Weight %	Return %	Weight %	Return %	Asset Allocation %	Stock Selection %	Total %
UK	8.9	18.0	40.0	18.1	0.8	0.0	0.8
Europe ex UK	14.5	18.7	9.5	20.4	–0.1	–0.1	–0.2
North America	21.5	15.7	38.9	26.5	–1.0	–2.0	–3.1
Japan	1.1	–17.5	5.3	14.8	0.0	–1.0	–0.9
Asia Pacific ex Japan	35.4	11.2	4.9	14.9	–2.4	–0.6	–3.0
Other International	18.6	5.6	1.4	14.8	–2.8	–0.1	–2.9
Gross equity portfolio return	100.0	11.8	100.0	21.1	–5.5	–3.8	–9.3
FX Instruments, fixed interest, cash and gearing effect		1.6					
Net portfolio return		13.4					
Management fees and administrative expenses		–0.7					
Tax charge		–0.5					
Technical differences		0.2					
Total return		**12.4**		**21.1**			

Benchmark is 40% FTSE World UK Index and 60% FTSE World ex UK Index
Notes to Performance Analysis
Asset Allocation effect – measures the impact of over or underweighting each asset category, relative to the benchmark 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: Aberdeen Standard Investments & BNP Paribas Securities Services Limited. Figures may appear not to add up due to rounding.

North America

Seminal years in economic history tend to stick in the memory, partially because they are few and far between but primarily because they coincide with significant market consequences. 2019 arguably secured such status. Whether economic foresight or political persuasion prompted the US Federal Reserve to abandon its goal of re-establishing economic orthodoxy in favour of renewed monetary liberalisation will likely never be revealed. For the most part it largely does not matter. Of far greater importance to independent interpretation is that, following a decade of futile monetary experimentation, the decelerating debt-dependent US economy ended the period devoid of options. At its helm, the Fed stands accused of abject failure. At its core, enormous unfunded health and pension liabilities, contracting real incomes and declining living standards stretch out before the current generation, which is increasingly impoverished for all to see – except for the US equity market.

> A new position in Canadian natural gas transportation company TC Energy was established in January and marked the only significant portfolio activity in the region

Roaring to all time historical highs despite declining profitability, the US market's love affair with liquidity blossomed beyond all recognition. Eye-watering valuations embraced expectations of future economic acceleration, totally ignoring any fundamental reasons to the contrary. The +26.5% rise in Sterling terms over the period for the North American index was by far the strongest of all global regions. Portfolio performance performed in line with expectations given its higher yielding focus. Canadian and US communication companies **Telus** and **Verizon** maintained solid double-digit total returns, leading consumer products companies **PepsiCo** and **Philip Morris** contributed even more, and technology giant **Intel** again justified its recent inclusion in the portfolio with significant capital appreciation. A new position in Canadian natural gas transportation company **TC Energy** was established in January and marked the only significant portfolio activity in the region.

Corporate America's reluctance to return surplus cash to shareholders in the form of dividends in favour of buying back increasingly expensive stock remains philosophically incompatible with the Trust's dividend growth requirements. Consequently, opportunities remained limited to only selective exposure in this region.

UK

Leaving Europe on acceptable, conciliatory terms was always going to prove problematic. Another year of constant political bickering simply further polluted UK economic fundamentals. Shallow attempts by politicians and the Bank of England to suggest otherwise increasingly failed to resonate amongst businesses and consumers alike. Inward foreign direct investment stagnated, reflecting international capital's growing preference to 'shun' the UK and invest elsewhere. Both the manufacturing and service sectors suffered severe business disruption from intense global competition. The demise of Britain's international competitiveness through lack of investment, dismal productivity, structural dependence on external debt financing and constant political uncertainty will undoubtedly have serious long-term consequences for national prosperity. Left with only the prop of consumption to support economic activity, an already exhausted, debt-ridden consumer provided what meagre growth existed.

Somewhat surprisingly, none of this mattered to the equity market. Unchanged Bank of England base rates throughout the period emphasised economic fragility and prevailing policy passivity, yet the stock market strangely celebrated such circumstances. During the period, UK portfolio exposure was systematically reduced. Of the five remaining holdings, **BAT, BHP Group** and **Standard Chartered** delivered decent total returns of capital and dividend growth. Whilst **Vodafone** and **Royal Dutch Shell** faced challenges on both fronts, sufficient inherent value is deemed to exist in each to warrant continued inclusion. An expanding credibility vacuum between economic rhetoric and economic reality has drained confidence beyond the paralysis of Brexit related uncertainty. For many, the rift is unlikely to be repaired. The portfolio's current historical low in UK exposure reflects diminishing confidence in macro-economic management but also difficulties in identifying genuine, globally competitive UK growth companies committed to paying attractive, growing dividends. On a relative basis, as the world moves on, UK companies are in great danger of being left behind.

Europe

Disconnect between words and actions featured prominently across Europe. Concluding a decade of delusion defined by deeply disturbing economic data, recognition of such remained absent from informed debate. Instead, policymakers preached of cyclical economic recovery and normalised interest rates yet, in practice, growth slowed and living standards fell. Savings accounts being decimated by negative bond yields seemed of little interest to policymakers obsessed with monetary doctrine. Renewed monetary printing merely exacerbated the problem causing further distress. As numerous European economies decelerated towards recessionary levels, policy ineptitude was epitomised by this irrefutable fact. After eight years in charge, retiring European Central Bank President Mario Draghi left office in November with the dubious accolade of never having presided over an interest rate rise. This alone speaks volumes of the extraordinary economic stagnation currently prevailing in Europe.

> A new position in Norwegian communication company Telenor was established, a cash-generative growth-orientated business predominately exposed to digital infrastructure investment in Asia

For domestically focused businesses, profitability faced severe headwinds from Europe's challenging economic landscape. Stretched consumers constrained by real income declines displayed dwindling appetites to spend. Portfolio exposure, seeking to emphasise truly global companies, avoided most indigenous pitfalls and profited from strength in Swedish industrials **Atlas Copco** and **Epiroc**, the defensive growth characteristics of Swiss pharmaceutical giants **Roche** and **Novartis**, and a decent recovery in prospects for German

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industrial **Bayer**. A new position in Norwegian communication company **Telenor** was established, a cash-generative growth-orientated business predominately exposed to digital infrastructure investment in Asia. Whilst overall European exposure remains low in absolute terms, selective attractive prospects in truly global companies still offer interesting opportunities.

Latin America

Economic orthodoxy merged seamlessly with economic outcomes evolving in Latin America. For a continent renowned for taking it easy, it was the monetary easing activity of Central Banks that captured the attention of financial markets. On a macro-economic level, independent policymakers exercised commendable diligence and discretion.

Four fifty basis point reductions in Brazilian benchmark interest rates reduced borrowing costs to historical lows. Congressional approval of ambitious pension fund reform further boosted confidence in an economy recovering from recent domestic political uncertainty and international scepticism. Overall portfolio contributions from Brazilian equity and bond exposures enhanced overall total returns. Large positions in **Telefonica Brazil,** logistics operator **Wilson & Sons** and **Banco Bradesco** all delivered in excess of expectations. Domestic sovereign bonds benefited from improved fiscal dynamics and lower short-term interest rates. In short, Brazilian assets generally behaved in conventional fashion.

Opinion over newly elected Mexican President Obrador's political and economic agenda remained polarised over the period: for some, he is a calculating ideologist, for others a pragmatic populist. Cautious sentiment limited equity market returns to just under 7% in Sterling terms. Success by the Mexican Central Bank in squeezing inflation below 3% enabled commencement of monetary easing only grudgingly acknowledged by financial markets. With real interest rates still historically high, further scope exists for additional easing. A stable peso and rising foreign direct investment complemented improving fundamentals, despite repeated attempts by American protectionism to pronounce otherwise. Portfolio holdings performed very strongly with over +20% total returns in Sterling terms from both airport operator **Asur** and tissue manufacturer **Kimberly-Clark de Mexico**. Exposures to Mexican sovereign and corporate bonds also proved their worth from both a capital and income perspective. During the period the **Uruguayan Government Bond** was fully divested following a period of strong outperformance.

Asia

Adherence to orthodoxy accompanied economic events unfolding in Asia. Benign global interest rates provided the catalyst for monetary easing throughout the region. Central Banks in India, Indonesia, Malaysia, Thailand and Korea responded accordingly delivering numerous rate cuts. Growth stimulation commenced, with expanding order books symptomatic of improving trends. Unburdened by punitive debts or stretched balance sheets, lower credit costs combined with lower bond yields effortlessly flowed into bolstering confidence. Relative to unrealistic expectations reverberating around the rest of the world, analysing Asia encountered little ambiguity. Economic progress evolved amid an atmosphere of generally rational, realistic responses. Regional politics witnessed numerous Government elections, none of which proved unduly problematic, although political tensions in Hong Kong periodically boiled over into serious social and economic disorder. Increasingly toxic, US inspired, global trade relationships also periodically exerted their toll on Asian confidence. Thankfully, by period end, hostilities appeared to be thawing without serious damage to commerce or investment.

Overall, Asian portfolio returns were respectable but fell short of those delivered elsewhere in the world

Overall, Asian portfolio returns were respectable but fell short of those delivered elsewhere in the world. Corporate profitability and dividend growth remained solid, supported by decent profit margins and strong balance sheets. Standout contributions came from **Taiwan Semiconductor**, recently established positions in **GlobalWafers** and **Samsung Electronics** plus supportive total returns of **Singapore Telecom** and **Taiwan Mobile**. Positive lagging effects of lower interest rates should enhance credit sensitive holdings such as **Overseas Chinese Bank, Siam Commercial Bank** and **Public Bank of Malaysia,** all of which underperformed over the period. Elsewhere, 2019 proved another fruitful year for Chinese tourist dependant **Auckland Airport** in New Zealand and soft drink distributor **Coca Cola Amatil** in Australia.

The large reduction in Japanese exposure reflected the outright disposal of the domestic real estate developer **Daito Trust.**

Summary of Investment Changes During the Year

	Valuation 31 December 2019 £'000	%	Appreciation/ (depreciation) £'000	Transactions £'000	Valuation 31 December 2018 £'000	%
Equities						
United Kingdom	127,902	7.4	17,810	(51,589)	161,681	10.1
North America	308,165	17.7	29,634	22,931	255,600	15.9
Europe ex UK	207,755	12.0	24,014	19,248	164,493	10.3
Japan	15,710	0.9	(8,723)	(35,934)	60,367	3.8
Asia Pacific ex Japan	506,596	29.1	28,383	57,351	420,862	26.2
Latin America	258,028	14.8	3,652	5,406	248,970	15.5
Africa	8,906	0.5	(806)	–	9,712	0.6
	1,433,062	82.4	93,964	17,413	1,321,685	82.4
Preference shares						
United Kingdom	7,677	0.4	956	–	6,721	0.4
	7,677	0.4	956	–	6,721	0.4
Fixed income						
Europe ex UK	17,256	1.0	920	167	16,169	1.0
Asia Pacific ex Japan	86,668	5.0	758	315	85,595	5.3
Latin America	138,650	8.0	12,912	(11,319)	137,057	8.6
Africa	18,260	1.1	203	118	17,939	1.1
	260,834	15.1	14,793	(10,719)	256,760	16.0
Other net assets	37,186	2.1	18,088	–	19,098	1.2
Total assets[A]	**1,738,759**	**100.0**	**127,801**	**6,694**	**1,604,264**	**100.0**

[A] See definition on page 103.

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Outlook

Consistency can cause conflict in most walks of life. Having the courage and conviction to align thoughts and actions without compromise demands strength and resilience. Seldom pure and rarely simple, the path to such a paradigm invariably involves pain. By contrast, the path of current financial populism has witnessed constant misrepresentation. Enormous monetary stimulus and debt expansion has failed to normalise economic and financial systems despite repeated claims to the contrary. Anaemic economic recovery in western economies suggest a "pain-free" path to zero interest rates has delivered nothing but distortion. Asset prices may well rejoice in the result but can expect no repeat. The decade-long monetary experiment concludes devoid of substance and even less integrity.

Where this leaves Western policymakers and politicians is impossible to predict. Limited options, rising inequality, expectant financial markets and aging demographics present a toxic combination unlikely to be painlessly resolved. Some hard truths desperately need addressing. Looking eastwards such developed world dichotomies present increasingly diminishing influence. Once the exporting engine to global growth elsewhere, Asia and associated Emerging Markets now progressively capitalise on domestic growth opportunities. Rising real incomes, expanding populations and improving credit affordability support future consumption- based economies becoming even more intra-regionally linked. Investment focus will continue to emphasise high quality, financially strong companies exposed to such positive trends through a truly, globally diversified portfolio.

At the time of writing, global financial markets are beginning to exhibit considerable volatility given concerns over the impact of COVID-19. This is a very fluid situation and the Board and the Manager will remain vigilant and focused on the aims of the Company and the investment processes which we adhere to in delivering those aims. Whilst volatility and heightened risk aversion can be a challenging environment in which to be a steward of shareholders' capital, it also represents an opportunity for the investor with a long term time horizon.

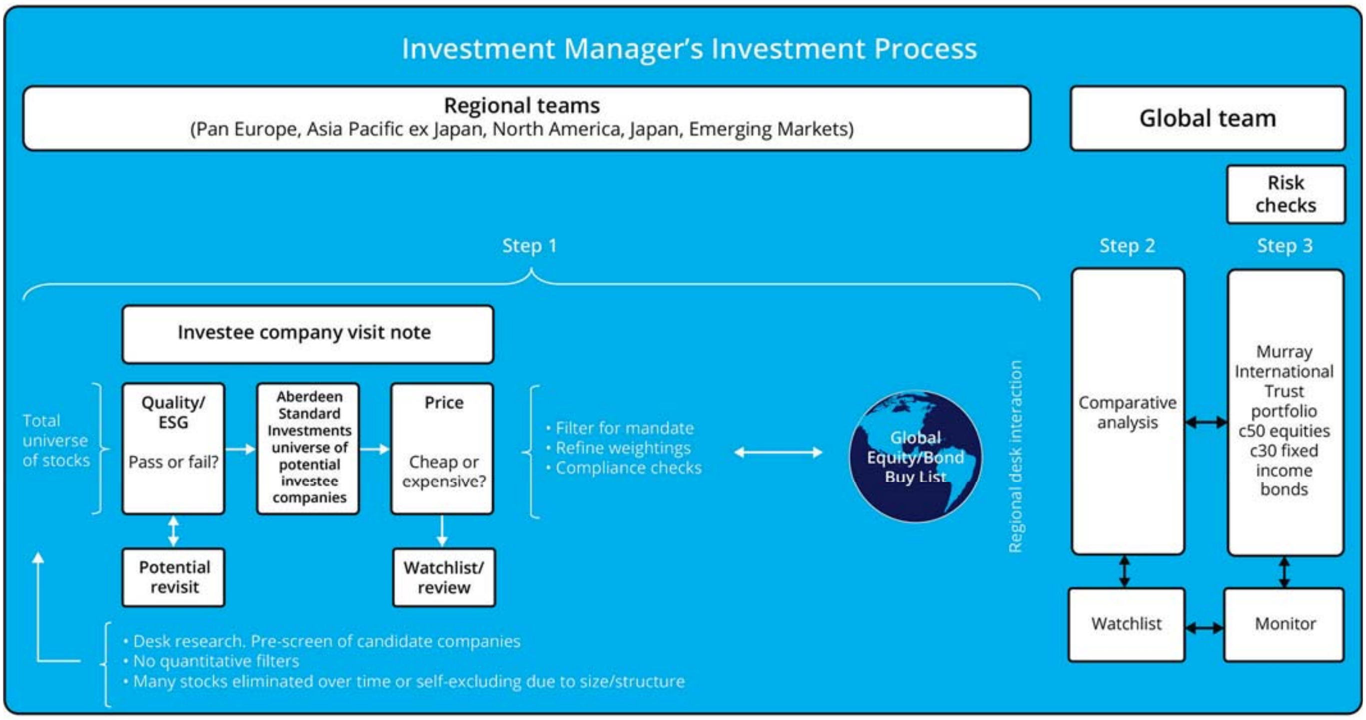
Bruce Stout
Senior Investment Director
Aberdeen Asset Managers Limited
5 March 2020

The Manager's Investment Process and ESG Engagement

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". Aberdeen Standard Investments ("ASI") is the investment arm of Standard Life Aberdeen plc, the ultimate parent of AAM and ASFML.

The Manager operates a comprehensive risk system with tools that provide better insights for its individual portfolio 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. An overview of the investment process is provided below and further information on the Manager can be found on page 98.



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 in accordance with the investment objective.

The portfolio manager, Bruce Stout, has responsibility for portfolio construction across all regional segments. 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 17 and 98. A comprehensive analysis of the Company's portfolio is disclosed on pages 33 to 41 including a description of the twenty largest investments, the portfolio of investments by value, distribution of investments and distribution of equity investments. The portfolio attribution analysis is on page 12.

The Manager's Investment Process and ESG Engagement Continued

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 49 equity and 27 bond holdings. The Manager is authorised by the Board to hold between 45 and 150 holdings in the portfolio.

Benchmark/Reference Index

The Company's Benchmark during the year was a composite index comprising 40% of the FTSE World UK Index and 60% of the FTSE World ex-UK Index. Given the composition of the portfolio and the Manager's investment process, as explained on page 17, it is likely that the Company's investment performance will diverge, possibly significantly, from this Benchmark.

Shareholders' attention is drawn to the recommended proposals to amend the Company's Investment Objective and introduce a new Reference Index in place of the current Benchmark, contained in the Chairman's Statement.

Environmental, Social and Governance ("ESG") Engagement

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

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

Active Engagement

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

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

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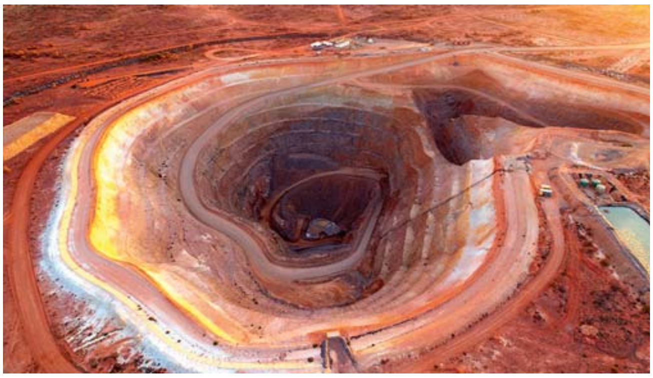
Vale – Case-Study 1

Following on from the Feijao dam collapse in the city of Brumadinho in 2018, the Manager has met and engaged with various stakeholders at Vale. This has ranged from meetings with top management and an independent director to visiting the site at Brumadinho to examine the work being undertaken. Separate to the individual engagement efforts, the Manager has also been involved in the Principles for Responsible Investment ("PRI") collaborative engagement with Vale, and with the Church of England initiative, conducted with the International Council on Mining and Metals, to produce a global disclosure standard for tailings dam safety.

During the engagements, the Manager has prompted Vale to adopt more prudent margins for safety than the minimum required under Brazilian regulation. Vale's prior position was to apply Brazilian standards and it had not planned to exceed what was mandated locally. Recently, Vale is now beginning to benchmark against Australian and Canadian standards. From a governance perspective, following the tragedy, Vale has adopted a new approach to operational risk management. The newly-created Safety & Operational Excellence office oversees the application of technical standards and should drive adherence to best practice within the company. This new area reports directly to the CEO, sits independently from operations and has the authority to halt operations.

BHP – Case Study 2



In October 2019, the Manager publicly announced, prior to the AGM of BHP, that it would be supporting a shareholder resolution asking the BHP board to suspend memberships of industry associations that they evaluated as undertaking lobbying or advocacy activities that were inconsistent with the Paris Agreement goals and therefore not aligned with BHP's own climate strategy.

Following the move to publically support a resolution, several other leading asset managers voted in favour. Despite neither of the major proxy advisors supporting this advisory resolution, it gained a significant 22.16% support from investors, with a further 7.72% abstaining, taking it close to 30% in total. Corporates and industries can be extremely effective at undermining the political will needed to address climate change. For this reason, the Manager views proper oversight of companies' lobbying activities as a significant climate issue for investors' stewardship efforts.

Promoting the Company's Success

What We Do

The Board is now 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 'What We Do' on page 20 to "Long Term Investment" on page 23, 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.

The purpose of the Company 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 24. The activities of the Company are overseen by the Board of Directors of the Company.

The Board's philosophy is that the Company should operate in a transparent culture where all parties are provided with respect as well as the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. 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.

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

Investment trusts, such as the Company, are long-term investment vehicles, with a recommended holding period of five or more years. 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.

Business Model

Investors appoint the Board of Directors and approve the Company's investment objective

The Board appoints the Investment Manager to deliver the Company's investment objective utilising its investment process and ESG engagement (see page 18)

The Board oversees the affairs of the Company by:

1. Ensuring the Manager complies with the portfolio and other guidelines set by the Board (see investment process on page 17 and portfolio listing on page 34)
2. Reviewing the performance of the Manager against the Benchmark, Key Performance Indicators (KPIs) and other comparators (see page 30)
3. Using borrowings where expected benefits outweigh the costs and risks (see gearing disclosures on page 25)
4. Monitoring share price premium and discount, share issuance and buybacks (see Chairman's Statement on page 7)
5. Determining dividend policy and the level of revenue reserves (see Chairman's Statement on page 7)
6. Ongoing monitoring of risks including key man, cyber and information security, safekeeping of assets (see risk disclosures on page 26)
7. Appointing and monitoring of other service providers - depositary, registrar, auditor, broker (see page 22)
8. Reviewing the Ongoing Charges Ratio (see Chairman's Statement on Page 8)
9. Ensuring compliance with governance and regulatory requirements (see page 50)
10. Overseeing the Company's promotional programme and investor relations activities conducted by the Manager (see page 27)

The Manager

The key service provider for the Company is the Alternative Investment Fund Manager and the performance of the Manager is reviewed in detail at each Board meeting. The Manager's investment process is outlined on page 17 and further information about the Manager is given on page 98. Shareholders are key stakeholders in the Company – they are looking to the Manager to achieve the investment objective over time and to deliver a regular growing income together with some capital growth. The Board is available to meet at least annually with shareholders at the Annual General Meeting and this includes informal meetings with them over lunch following the formal business of the AGM. This is seen as a very useful opportunity to understand the needs and views of the shareholders. In between AGMs, the Directors and Manager also conduct programmes of investor meetings with larger institutional, private wealth and other shareholders to ensure that the Company is meeting their needs. 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.

Shareholder Engagement

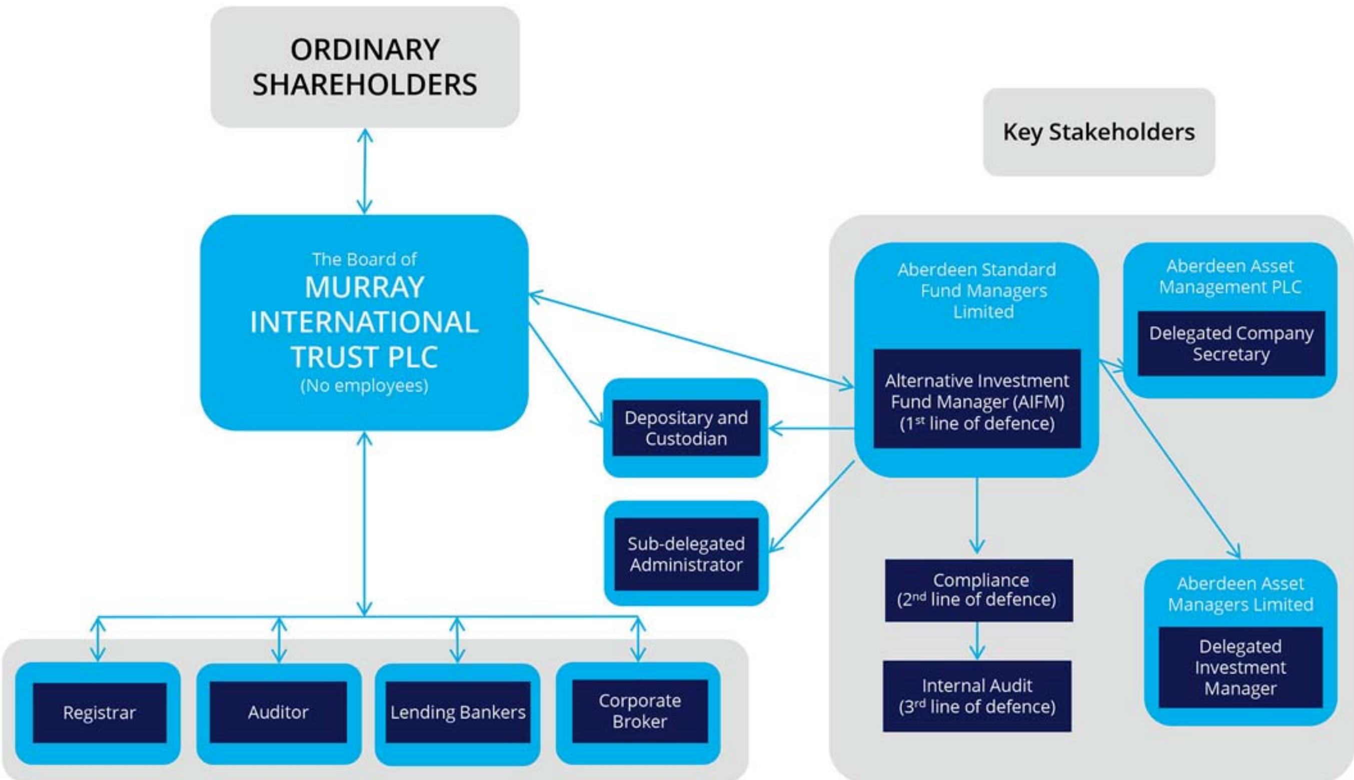
The following table describes some of the ways we engage with our shareholders:

AGM	The AGM provides an opportunity for the Directors to engage with shareholders, answer their questions and meet them informally. The next AGM will take place on 24 April 2020 in London. We invite all shareholders to attend and use the opportunity to ask questions. We encourage those who cannot attend to vote by proxy on all the resolutions put forward.
Annual Report	We publish a full annual report each year that contains a strategic report, governance section, financial statements and additional information. The report is available online and in paper format.
Company Announcements	We issue announcements for all substantive news relating to the Company. You can find these announcements on the Company's website.
Results Announcements	We release a full set of financial results at the half year and full year stage. 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 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**

Promoting the Company's Success Continued

Other Service Providers

The other key stakeholder group is that of the Company's 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 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, via the Management Engagement Committee, ensures that the arrangements with service providers are reviewed at least annually in detail. The aim is to ensure that contractual arrangements 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, broker and auditor. In addition the Manager operates a 'three lines of defence' model with the business itself 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.



Principal Decisions

Pursuant to the Board's aim of promoting the long term success of the Company, the following principal decisions have been taken during the year:

Portfolio

The Investment Manager's Review on pages 10 to 16 details the key investment decisions taken during the year and subsequently. The Manager has continued to monitor the investment portfolio throughout the year under the supervision of the Board. A list of the key portfolio changes can be found on page 15.

Gearing

In May 2019 the Board agreed a new loan facility of £30m to replace a maturing £15m facility, locking in lower interest rates for a five year period. The aim has been to enhance shareholder returns over the longer term. The Board and Manager are now actively investigating options for the replacement of the £50m facility that will be maturing in May 2020.

Share Issuance

During the year, the Board has continued to review the trading in the Company's shares and has successfully issued new shares in order to manage the level of premium at which the shares have been trading, to increase the size of the Company and improve the liquidity of the Company's shares.

ESG

As highlighted on page 18, the Board is responsible for overseeing the work of the Manager and this is not limited solely to the investment performance of the portfolio companies. The Board also has regard for environmental, social and governance matters (ESG) 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 engagement. Particular attention was paid by the Board to the circumstances surrounding the Feijao dam collapse and the engagement of the Manager with Vale as outlined on page 18.

New Investment Objective and Reference Index

As explained in the Chairman's Statement, the Board has consulted extensively with the Manager to agree a new proposed Investment Objective and to introduce a new Reference Index. The aim has been to make it easier for shareholders to understand what the Company does and simpler to compare its performance in the future.

Directorate

The Board has continued to progress its succession plans resulting in the decision to appoint Mr Simon Fraser as an independent non executive Director with effect from 1 May 2020. Further details are provided in the Chairman's Statement. The Board believes that shareholders' interests are best served by ensuring a smooth and orderly refreshment of the Board. This provides continuity and maintains the Board's open and collegiate style.

Audit

In accordance with best practice the Audit and Risk Committee conducted an audit tender to select a new independent auditor. Having established the needs of the Company, a number of audit firms were invited to tender. Following a detailed review and interview process, BDO LLP has been chosen as the next independent auditor for the Company, subject to shareholder approval at the Annual General Meeting in April 2020.

Long Term Investment

The Company is in its 113th year. It is a long term investor and the Board has in place the necessary procedures and processes to continue to promote the long term success of the Company. The Board will continue to monitor, evaluate and seek to improve these processes as the Company grows over time, to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations.

Promoting the Company's Success Continued

Key Performance Indicators (KPIs)

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determine the progress of the Company in pursuing its investment policy. The main KPIs (refer to glossary on page 103 for definition) identified by the Board in relation to the Company which are considered at each Board meeting are as follows:

KPI	Description
Performance versus Benchmark/ Reference Index	**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 performance against the Benchmark 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. **Share Price Performance:** The Board also monitors the price at which the Company's shares trade relative to the Benchmark/Reference Index on a total return basis over time A graph showing absolute, relative and share price performance is shown on page 30.
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 buy backs 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.
Dividend	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 together with a graph showing dividend growth against CPI and RPI on page 30.
Gearing	The Board's aim is to ensure that gearing is kept within the Board's guidelines issued to the Manager as disclosed on page 25.

Investment Objective

The aim of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide. Within this objective, the Manager will seek to increase the Company's revenues in order to maintain an above average dividend yield.

Shareholders' attention is drawn to the recommended proposals to amend the Company's Investment Objective and to introduce a new Reference Index in place of the current Benchmark, contained in the Chairman's Statement.

Investment Policy

Asset Allocation

The Company's assets are 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.

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 from meeting to meeting. 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.

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 11.3% (calculated in accordance with Association of Investment Companies guidance) and 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. The Company will promptly issue an announcement to inform the shareholders and the public of any change of its investment policy.

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.

With the help of a detailed risk matrix, 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 also has a process in place to identify emerging risks. If any of these are deemed to be significant, these risks are categorised, rated and added to the Company's risk matrix. Although the uncertainty surrounding Brexit has now abated there may remain potential issues surrounding the certainty and/or timing of future withholding tax repayments following the expiry of transitional arrangements in 2021.

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 60 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.

Promoting the Company's Success Continued

Principal Risks	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, 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 the Board 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 and the Directors attend meetings with shareholders to keep abreast of investor opinion.
Investment portfolio, investment management – investing outside of the investment restrictions and guidelines set by the Board or poor stock selection could result in poor performance and inability to meet the Company's objectives.	The Board sets and monitors its investment restrictions and guidelines and receives regular Board reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines. The Manager attends all Board meetings. The Board also monitors the Company's share price relative to the NAV.
Financial obligations - the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's shares.	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 101).
Financial and Regulatory – the financial risks associated with the portfolio, including the impact of movements in foreign currency exchange rates, could result in losses to the Company. In addition, failure to comply with relevant regulation (including the Companies Act, the Corporation Taxes Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the FCA's Listing Rules, Disclosure and Prospectus Rules) may have an impact on the Company.	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. The Board relies upon the Standard Life Aberdeen Group to ensure the Company's compliance with applicable regulations and from time to time employs external advisers to advise on specific concerns.
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular, those of the Standard Life Aberdeen Group) and any control failures and gaps in these systems and services could result in a loss or 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 52 and 53.

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 focused upon the following factors:

- The principal risks detailed in the Strategic Report on pages 25 and 26;
- 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 liquidity of the Company's portfolio; and
- The profile of the Company's £200 million loan facilities which mature between May 2020 and May 2024 and the ability of the Company to refinance or repay the £50m facility that matures in May 2020.

As an investment trust, investing in a global equity portfolio, the Company's portfolio has not been adversely impacted as a direct result of the UK's withdrawal from the EU on 31 January 2020 although there may be potential issues surrounding the certainty and/or timing of future withholding tax repayments following the expiry of transitional arrangements.

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 that matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

Promoting the Company

The Board recognises the importance of communicating the long-term attractions of your Company to 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 purpose of these initiatives is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. The Company's financial contribution to the programmes is matched by the Manager. The Manager reports 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.

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 2019, there were three male Directors and three female Directors on the Board.

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 17.

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.

Promoting the Company's Success Continued

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 page 55.

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.

Website
murray-intl.co.uk

Kevin Carter
Chairman
5 March 2020

Results

Performance (Total Return)

	1 year % return	3 year % return	5 year % return	10 year % return
Share price[AB]	+16.5	+20.5	+53.8	+149.7
Net asset value per Ordinary share[A]	+12.4	+19.2	+54.2	+135.9
Reference Index[C]	+22.3	+34.4	+81.2	+198.2
Benchmark[D]	+21.1	+29.5	+67.0	+165.8

[A] Considered to be an Alternative Performance Measure (see page 95 for more details).
[B] Mid to mid.
[C] FTSE All World Index.
[D] 40% FTSE World UK Index and 60% FTSE World ex UK Index.
Source: Aberdeen Standard Investments, Morningstar & Lipper

Ten Year Financial Record

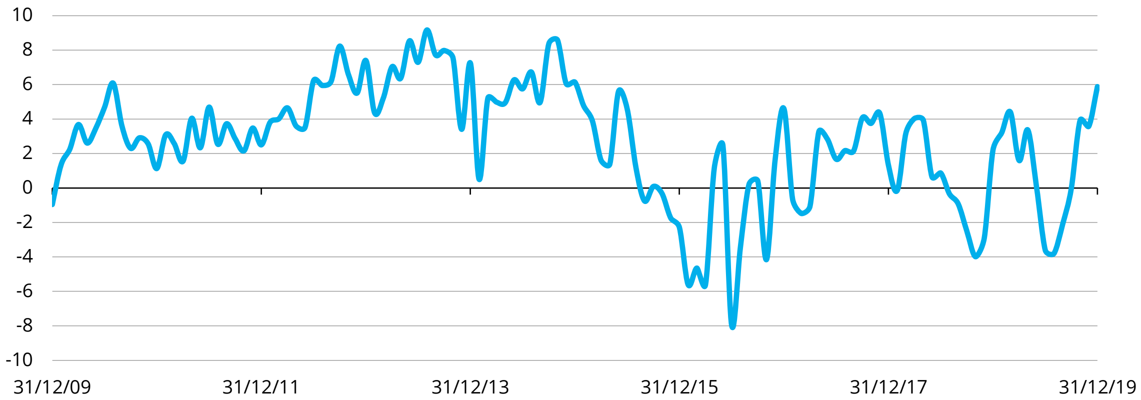
Year end	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total revenue (£'000)	46,607	55,128	55,141	63,717	62,609	67,020	77,333	79,471	77,105	82,417
Per Ordinary share (p)										
Net revenue return[A]	38.2	43.6	39.8	43.8	40.8	45.7	51.2	51.8	49.6	54.1
Dividends[B]	34.5	37.0	40.5	43.0	45.0	46.5	47.5	50.0	51.5	53.5
Net asset value	930.5	892.2	975.8	981.0	966.6	849.0	1,135.7	1,251.4	1,107.8	1,190.0
Shareholders' funds (£'000)	967,676	999,252	1,192,243	1,236,718	1,240,537	1,091,019	1,447,879	1,599,129	1,419,588	1,539,055

[A] Net revenue return per Ordinary share has been based on the average Ordinary share capital during each year (see note 9 on page 81).
[B] The figure for dividends per share reflects the years to which their declaration relates and not the years they were paid.

Performance

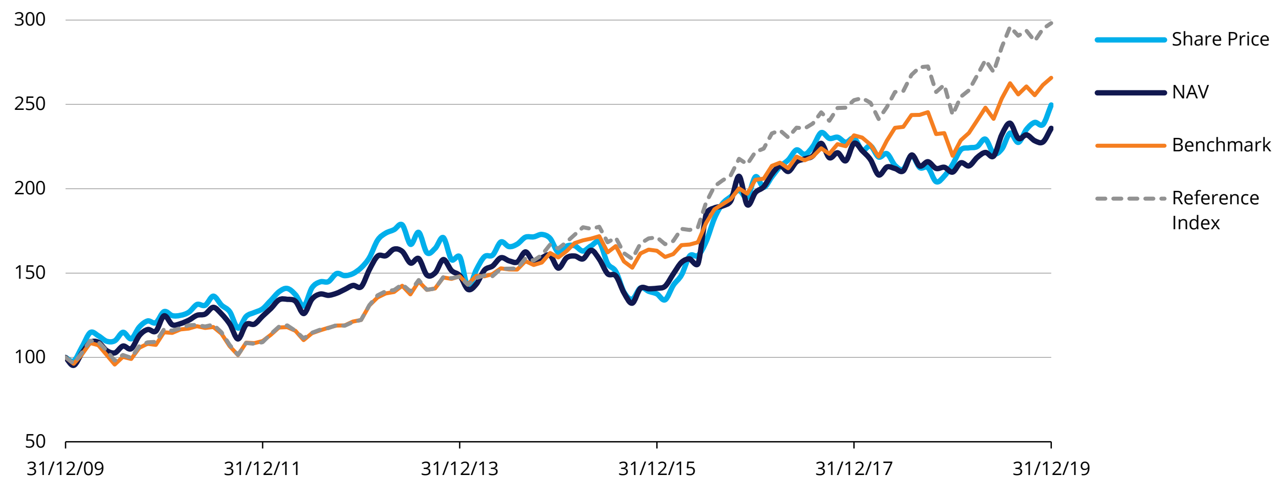
Share Price (Discount)/Premium to NAV (%)

Ten years to 31 December 2019



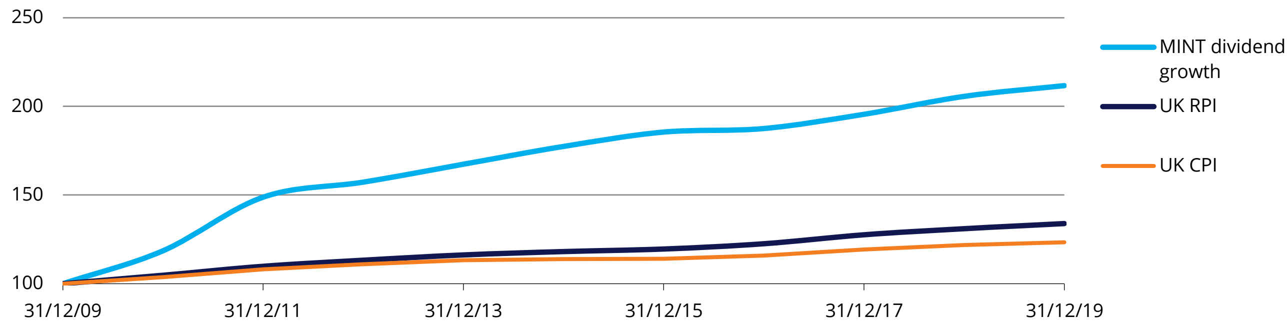
Net Asset Value and Share Price Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2019



Comparison of Dividend Growth to Inflation (figures rebased to 100)

Ten years to 31 December 2019



Portfolio

The Company maintains a diversified portfolio of investments. At the year end, the Company's portfolio consisted of 49 equity and 27 bond holdings. The Manager is authorised by the Board to hold between 45 and 150 investments in the portfolio.


TOTAL
ROHR
TOTAL
33
1203
HD MT 2030


Roche

Ten Largest Investments

As at 31 December 2019

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.

Aeroporto del Sureste ADS

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

Taiwan Mobile

Taiwan Mobile is the leading provider of cellular telecommunications services in Taiwan. Although predominantly a wireless network operator, the company also sells and leases cellular telephony equipment.

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.

Roche Holdings

Roche Holdings develops and manufactures pharmaceutical and diagnostic products. The company produces prescription drugs for a variety of medical conditions.

Vale do Rio Doce

Vale is one of the world's largest, fully-integrated, natural resources companies. Based in Brazil, the company mines for precious metals and numerous other minerals.

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.

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.

Total

Total is a fully integrated international energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. The company also operates a chemical division which produces a number of materials.

Unilever Indonesia

Unilever Indonesia manufactures soaps, detergents, margarine, oil and cosmetics. The company also produces dairy based foods, ice cream and tea beverages.

Overview
Strategic Report
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List of Investments

As at 31 December 2019

Company	Country	Valuation 2019 £'000	Total assets[A] %	Valuation 2018[B] £'000
Taiwan Semiconductor Manufacturing	Taiwan	83,350	4.8	68,971
Aeroporto del Sureste ADS	Mexico	77,863	4.5	65,021
Taiwan Mobile	Taiwan	56,406	3.2	54,155
CME Group	USA	51,495	3.0	47,264
Roche Holdings	Switzerland	48,953	2.8	38,765
Vale do Rio Doce[C]	Brazil & USA	47,137	2.7	47,326
Verizon Communications	USA	46,311	2.7	44,135
Philip Morris International	USA	44,925	2.6	36,693
Total	France	41,662	2.4	41,451
Unilever Indonesia	Indonesia	39,966	2.3	43,333
Top ten investments		**538,068**	**31.0**	
Oversea-Chinese Bank	Singapore	36,849	2.1	19,425
Banco Bradesco	Brazil	36,563	2.1	34,951
British American Tobacco[D]	UK	35,547	2.0	43,953
Sociedad Quimica Y Minera de Chile	Chile	35,271	2.0	52,558
Singapore Telecommunications	Singapore	34,054	2.0	30,277
Intel Corporation	USA	31,604	1.8	25,805
Royal Dutch Shell	UK	30,457	1.8	31,824
Kimberly Clark de Mexico	Mexico	29,996	1.7	24,855
Samsung Electronics	Korea	29,289	1.7	16,866
Telus	Canada	29,234	1.7	25,996
Top twenty investments		**866,932**	**49.9**	
Siam Commercial Bank	Thailand	27,557	1.6	22,451
Epiroc	Sweden	26,974	1.6	20,771
Auckland International Airport	New Zealand	26,645	1.5	22,619
Atlas Copco	Sweden	26,216	1.5	17,128
Telekomunikasi	Indonesia	25,904	1.5	–
Pepsico	USA	25,782	1.5	21,683
Tesco Lotus Retail Growth	Thailand	25,327	1.5	23,753
Public Bank	Malaysia	25,112	1.4	32,904
BHP Group	Australia	24,875	1.4	26,426
Telefonica Brasil	Brazil	24,520	1.4	21,263
Top thirty investments		**1,125,844**	**64.8**	

Company	Country	Valuation 2019 £'000	Total assets[A] %	Valuation 2018[B] £'000
Schlumberger	USA	24,264	1.4	17,030
GlobalWafers	Taiwan	24,048	1.4	–
Standard Chartered	UK	23,815	1.4	20,368
Johnson & Johnson	USA	22,009	1.2	20,267
Indocement Tunggal Prakarsa	Indonesia	20,690	1.2	20,148
Telenor	Norway	20,282	1.2	–
Castrol India	India	19,114	1.1	–
Republic of South Africa 7% 28/02/31	South Africa	18,260	1.0	17,939
Novartis	Switzerland	17,907	1.0	20,076
Wilson & Sons	Brazil	17,834	1.0	12,125
Top forty investments		**1,334,067**	**76.7**	
Coca-Cola Amatil	Australia	16,579	1.0	12,796
Nutrien	Canada	16,484	0.9	16,727
TC Energy	Canada	16,057	0.9	–
Japan Tobacco	Japan	15,710	0.9	17,414
Swire Pacific 'B'	Hong Kong	15,706	0.9	18,140
America Movil Sab De 6.45% 05/12/22	Mexico	15,515	0.9	10,628
Republic of Indonesia 6.125% 15/05/28	Indonesia	15,306	0.9	14,353
United Mexican States 5.75% 05/03/26	Mexico	15,165	0.9	13,486
Petroleos Mexicanos 6.75% 21/09/47	Mexico	15,126	0.9	12,985
Republic of Indonesia 7% 15/05/22	Indonesia	14,409	0.8	13,818
Top fifty investments		**1,490,124**	**85.7**	
Bank Pekao	Poland	14,015	0.8	15,947
Vodafone Group	UK	13,208	0.8	13,761
Republic of Dominica 6.85% 27/01/45	Dominican Republic	12,951	0.8	11,557
Alfa 6.875% 25/03/44	Mexico	12,827	0.7	10,786
Federal Republic of Brazil 10% 01/01/23	Brazil	12,518	0.7	12,734
Bayer	Germany	11,746	0.7	10,355
Republic of Indonesia 8.375% 15/03/34	Indonesia	11,627	0.7	10,972
Ultrapar Participacoes	Brazil	9,451	0.5	10,623
Republic of Ecuador 7.95% 20/06/24	Ecuador	9,298	0.5	8,995
MTN	South Africa	8,906	0.5	9,712
Top sixty investments		**1,606,671**	**92.4**	

List of Investments (Continued) / Summary of Net Assets

Company	Country	Valuation 2019 £'000	Total assets[A] %	Valuation 2018[B] £'000
Republic of Turkey 8% 12/03/25	Turkey	8,687	0.5	8,088
Federal Republic of Brazil 10% 01/01/25	Brazil	8,628	0.5	8,452
Republic of Turkey 9% 24/07/24	Turkey	8,569	0.5	8,081
Petroleos Mexicanos 5.5% 27/06/44	Mexico	8,125	0.5	7,144
HDFC Bank 7.95% 21/09/26	India	8,050	0.5	7,994
Federal Republic of Brazil 10% 01/01/21	Brazil	7,890	0.4	8,476
Power Finance Corp 7.63% 14/08/26	India	7,595	0.4	8,234
Housing Dev Finance Corp 8.43% 04/03/25	India	5,485	0.3	5,561
Power Finance Corp 8.2% 10/03/25	India	5,283	0.3	5,674
Republic of Indonesia 10% 15/02/28	Indonesia	4,800	0.3	4,564
Top seventy investments		**1,679,783**	**96.6**	
ICICI Bank 7.6% 07/10/23	India	4,795	0.3	4,977
ICICI Bank 7.42% 27/06/24	India	4,678	0.3	4,961
Republic of Indonesia 9.5% 15/07/23	Indonesia	4,640	0.3	4,487
Santander 10.375% Non Cum Pref	UK	3,841	0.2	3,473
General Accident 7.875% Cum Irred Pref	UK	3,836	0.2	3,248
Total investments		**1,701,573**	**97.9**	
Net current assets[A]		**37,186**	**2.1**	
Total assets[E]		**1,738,759**	**100.0**	

[A] Excluding bank loans.
[B] The 2018 column denotes the Company's holding at 31 December 2018.
[C] Holding comprises equity and fixed income securities split £26,529,000 (2018 – £27,574,000) and £20,608,000 (2018 – £19,752,000).
[D] The 2018 holding comprises UK and Malaysia securities split £27,500,000 and £16,453,000. BAT Malaysia was sold during 2019.
[E] See definition on page 103.

Summary of Net Assets

	Valuation 31 December 2019 £'000	%	Valuation 31 December 2018 £'000	%
Equities	1,433,062	93.1	1,321,685	93.1
Preference shares	7,677	0.5	6,721	0.5
Fixed income	260,834	17.0	256,760	18.1
Other net assets	37,186	2.4	19,098	1.3
Prior charges[A]	(199,704)	(13.0)	(184,676)	(13.0)
Equity shareholders' funds	**1,539,055**	**100.0**	**1,419,588**	**100.0**

[A] See definition on page 103.

Sector/Geographical Analysis

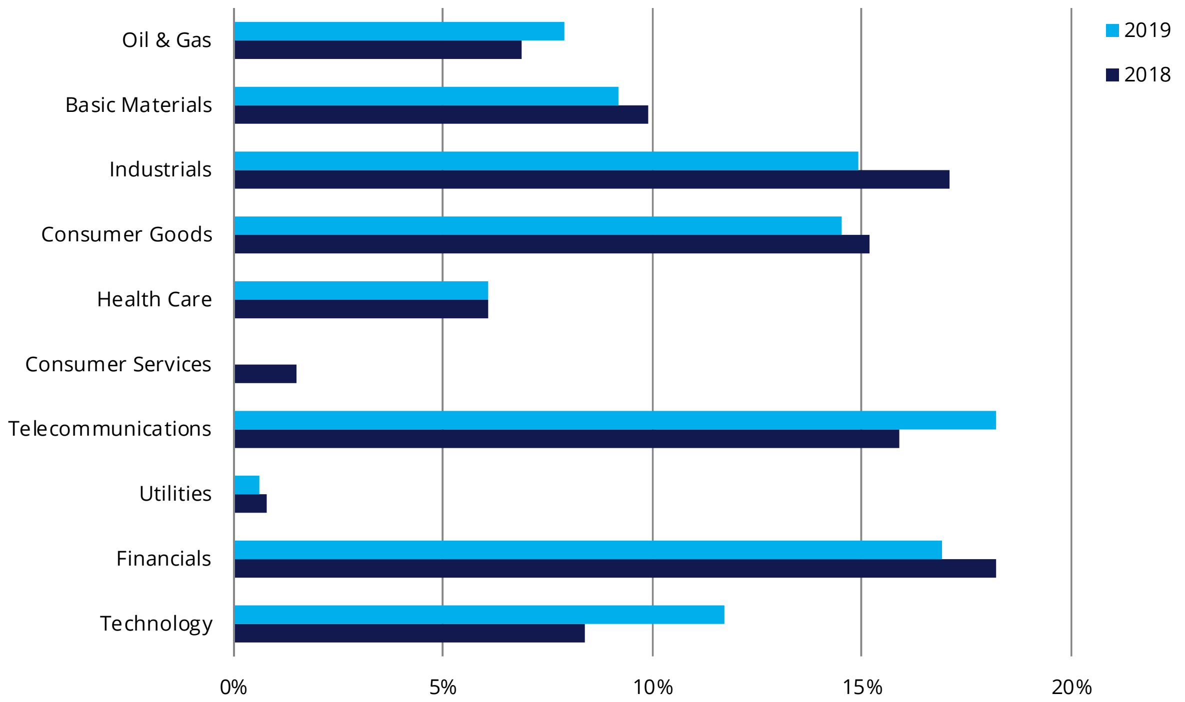
As at 31 December 2019

Sector/Area	United Kingdom %	North America %	Europe ex UK %	Japan %	Asia Pacific ex Japan %	Latin America %	Africa %	2019 Total %	2018 Total %
Oil & Gas	**1.8**	**2.3**	**2.4**	**–**	**–**	**–**	**–**	**6.5**	**5.7**
Oil & Gas Producers	1.8	–	2.4	–	–	–	–	4.2	4.6
Oil Equipment, Services & Distribution	–	2.3	–	–	–	–	–	2.3	1.1
Basic Materials	**1.4**	**0.9**	**0.7**	**–**	**1.1**	**3.5**	**–**	**7.6**	**8.2**
Chemicals	–	0.9	0.7	–	1.1	2.0	–	4.7	4.9
Mining	1.4	–	–	–	–	1.5	–	2.9	3.3
Industrials	**–**	**–**	**3.1**	**–**	**3.6**	**5.6**	**–**	**12.3**	**14.1**
Construction & Materials	–	–	–	–	1.2	–	–	1.2	4.0
General Industrials	–	–	–	–	0.9	–	–	0.9	1.1
Industrial Engineering	–	–	3.1	–	–	–	–	3.1	2.8
Industrial Transportation	–	–	–	–	1.5	5.6	–	7.1	6.2
Consumer Goods	**2.0**	**4.1**	**–**	**0.9**	**3.3**	**1.7**	**–**	**12.0**	**12.5**
Beverages	–	1.5	–	–	1.0	–	–	2.5	2.2
Personal Goods	–	–	–	–	2.3	1.7	–	4.0	4.2
Tobacco	2.0	2.6	–	0.9	–	–	–	5.5	6.1
Health Care	**–**	**1.2**	**3.8**	**–**	**–**	**–**	**–**	**5.0**	**5.0**
Pharmaceuticals & Biotechnology	–	1.2	3.8	–	–	–	–	5.0	5.0
Consumer Services	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.2**
Travel & Leisure	–	–	–	–	–	–	–	–	1.2
Telecommunications	**0.8**	**4.4**	**1.2**	**–**	**6.7**	**1.4**	**0.5**	**15.0**	**13.1**
Fixed Line Telecommunications	–	4.4	–	–	1.5	1.4	–	7.3	5.6
Mobile Telecommunications	0.8	–	1.2	–	5.2	–	0.5	7.7	7.5
Utilities	**–**	**–**	**–**	**–**	**–**	**0.5**	**–**	**0.5**	**0.7**
Gas Water & Multi-utilities	–	–	–	–	–	0.5	–	0.5	0.7
Financials	**1.4**	**3.0**	**0.8**	**–**	**6.6**	**2.1**	**–**	**13.9**	**15.0**
Banks	1.4	–	0.8	–	5.1	2.1	–	9.4	10.6
Financial Services	–	3.0	–	–	–	–	–	3.0	2.9
Real Estate Investment Trusts	–	–	–	–	1.5	–	–	1.5	1.5
Technology	**–**	**1.8**	**–**	**–**	**7.8**	**–**	**–**	**9.6**	**6.9**
Technology Hardware & Equipment	–	1.8	–	–	7.8	–	–	9.6	6.9
Total equities	**7.4**	**17.7**	**12.0**	**0.9**	**29.1**	**14.8**	**0.5**	**82.4**	**82.4**
Fixed income	**0.4**	**–**	**1.0**	**–**	**5.0**	**8.0**	**1.1**	**15.5**	**16.4**
Total investments	**7.8**	**17.7**	**13.0**	**0.9**	**34.1**	**22.8**	**1.6**	**97.9**	**98.8**
Other net current assets								2.1	1.2
Total assets[A]								**100.0**	**100.0**

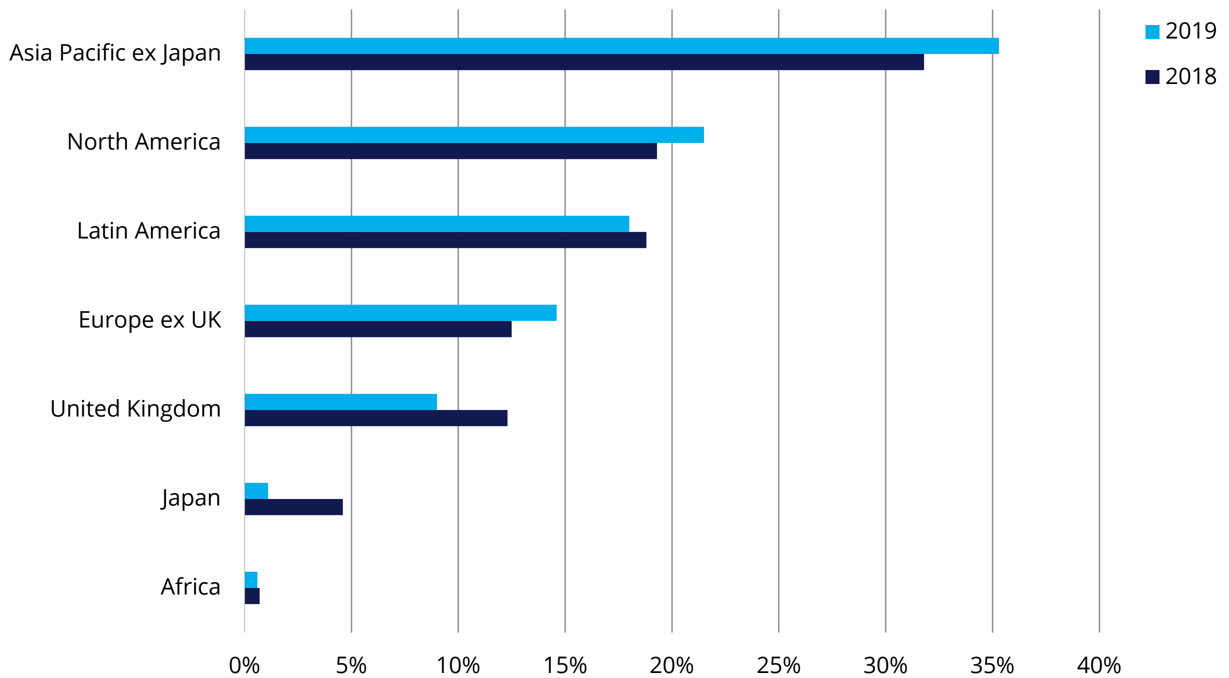
[A] See definition on page 103.

Sector/Geographical Analysis Continued

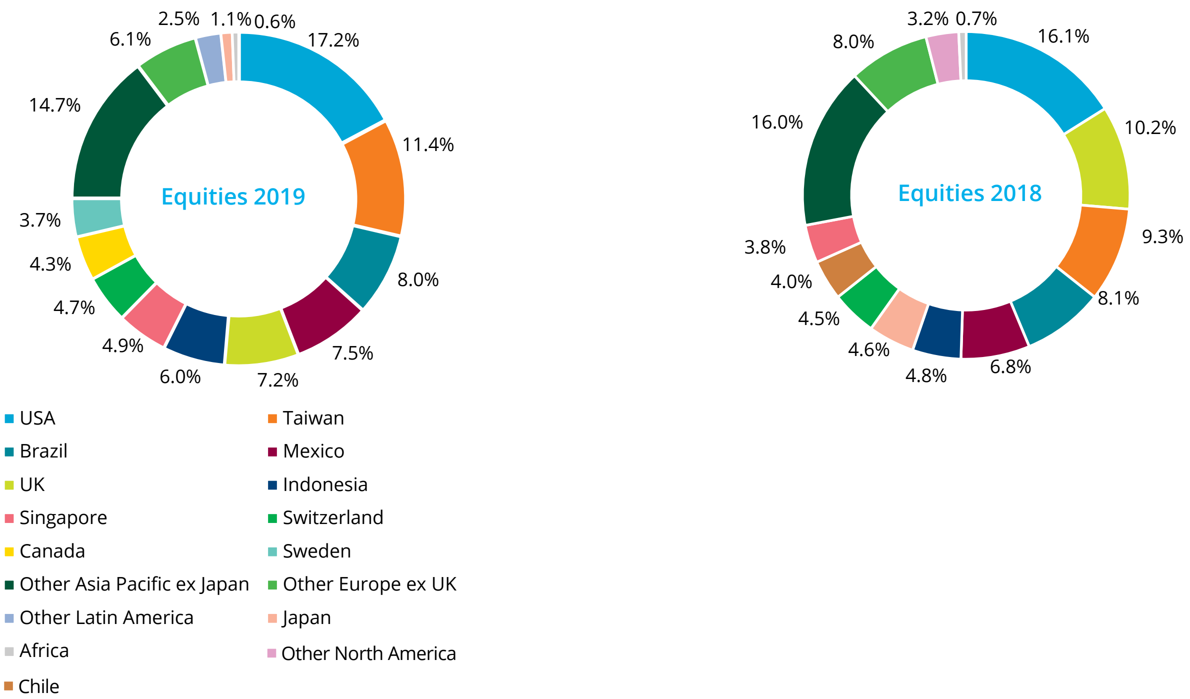
Total Equities Distribution by Sector



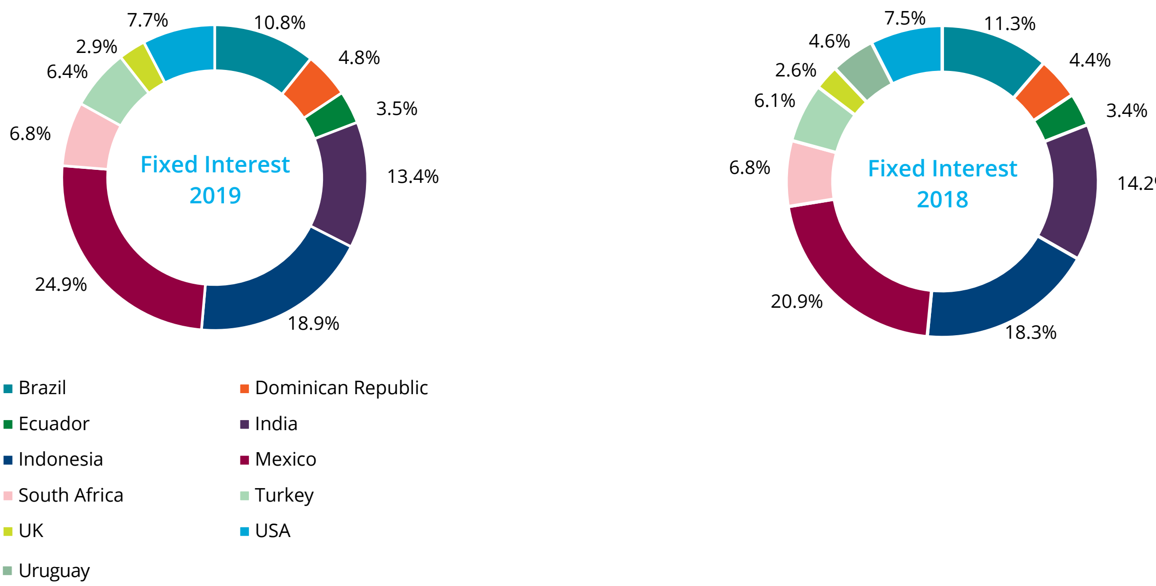
Total Equities Distribution by Geographic Region



Total Equities Distribution by Individual Country as at 31 December 2019 and 31 December 2018



Total Fixed Interest Distribution by Individual Country as at 31 December 2019 and 31 December 2018



Investment Case Studies

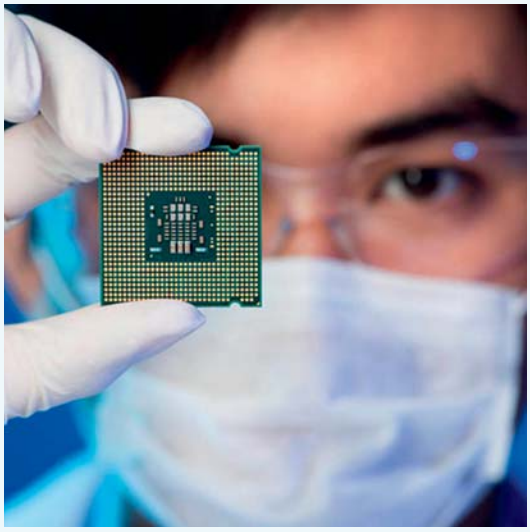
New companies introduced to the portfolio during the year included Telenor and GlobalWafers:

Telenor

Telenor is the former State owned incumbent provider of fixed and mobile telecommunication, data and media services in Norway. The Norwegian state still retains a fifty four percent stake in the company. Telenor now operates in thirteen markets across the Nordic region and Asia. It has used the sizeable and stable cash flows from its dominant domestic market share to invest in overseas markets including Malaysia, Myanmar, Thailand, Bangladesh and Pakistan. The company has recently cleaned up its portfolio of assets by retreating from more problematic markets in Bulgaria, Hungary and India. This retrenchment has left the business in a far stronger position, focused more on its key assets, and allowed capital to be returned to shareholders from the asset disposals.

Some view the telecommunications industry as being unattractive, with regulators keen to limit the returns earned. The Manager believes that Telenor has the opportunity to use its dominant domestic position, where the regulator has not been overly punitive and where competition is limited, to focus on delivering impressive cost reductions. It has also strengthened its balance sheet, while advancing into more attractive growth markets in a sensible manner. While perhaps not the most exciting area of the market the Manager is attracted by the straightforward business model, strength of free cash flows and commitment to modest year on year dividend growth.

GlobalWafers



GlobalWafers is a Taiwanese technology company specialising in silicon wafer manufacturing. The business was spun off from SAS Semiconductors in 2014 and, after the acquisition of SunEdison in 2016, it became one of the top five silicon wafer vendors worldwide. The company controls the process from start to finish with their own research and development and production line capabilities. Given semi-conductors are a key input to almost everything that contains electronic components, the end markets and themes that will drive wafer demand are both diverse and attractive. These include automation, consumer electronics, telecommunications, transportation, power generation and transmission, health care equipment and renewable energy.

Whilst there will be periods of volatility around the supply and demand nature of the industry, the Manager is attracted by the longer term structural demand drivers behind it. There are high barriers to entry, particularly as the size and complexity of the wafer increases. The business enjoys strong net cash position on its balance sheets, delivers attractive margins and returns capital to shareholders via its attractive dividend pay-out which it covers from the impressive free cash flow it generates.

1.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1. Intel is one of the world's leading designers and manufacturers of microprocessors. Photo © Intel Corporation.
2. Swire Pacific is a Hong Kong based conglomerate involved in property, aviation, beverages and marine services, Photo © Swire Blue Ocean.
3. Royal Dutch Shell is the world's largest producer of liquefied natural gas. Photo © Royal Dutch Shell.

Governance

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.

Your Board of Directors

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

Kevin Carter

Status:
Chairman and Independent Non-Executive Director

Experience:
He was previously Managing Director and Head of EMEA Pension Advisory Group at JP Morgan Securities. Prior to that Dr Carter was Head of the European Investment Consulting Practice at Watson Wyatt and formerly CEO of Old Mutual Asset Managers in both the UK and the US. He is a trustee director of the Universities Superannuation Scheme and chairman of its investment committee and performs the same roles for the BBC Pension Scheme. He is also a director of JPMorgan American Investment Trust PLC, Aspect Capital Limited and Newton Investment Management Limited.

Length of Service:
He was appointed a Director on 23 April 2009

Last re-elected to the Board:
25 April 2019

Contribution:
The Nomination Committee has reviewed the contribution of Dr Carter in light of his proposed re-election at the AGM in April 2020 and has concluded that he has continued to Chair the Company expertly, fostering a collaborative spirit between the Board and Manager whilst ensuring that meetings remain focused on the key areas of stakeholder relevance.

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

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
50,000 Ordinary shares

Peter Dunscombe

Status:
Senior Independent Non-Executive Director

Experience:
He was previously head of pensions investment at the BBC Pension Trust and prior to that he was joint managing director at Imperial Investments Limited. He is a member of the investment committee of St James's Place plc and a director of HgCapital Trust Plc.

Length of Service:
He was appointed a Director on 29 April 2011

Last re-elected to the Board:
25 April 2019

Contribution:
The Nomination Committee has reviewed the contribution of Mr Dunscombe and notes that he is retiring from the Board at the AGM in April 2020 and would reiterate their thanks to him for the investment expertise that he has brought to the Board over his tenure as a Director.

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

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
3,850 Ordinary shares

Your Board of Directors Continued

Claire Binyon

Status:
Independent Non-Executive Director

Experience:
She 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).

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

Last re-elected to the board:
Elected on 25 April 2019

Contribution:
The Nomination Committee has reviewed the contribution of Ms Binyon in light of her forthcoming re-election at the AGM in April 2020 and has concluded that Ms Binyon continues to provide excellent global strategic and financial insight to the Board.

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

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
1,106 Ordinary shares

Marcia Campbell

Status:
Independent Non-Executive Director

Experience:
She was operations director at Ignis Asset Management having previously been group operations director and CEO Asia Pacific at Standard Life until 2010. She is a director of CNP Assurances in France, Charles Stanley Group PLC, Canada Life Group and Canada Life International and is a member of the independent governance committee for Aviva UK and ROI.

Length of Service:
She was appointed a Director on 27 April 2012

Last re-elected to the Board:
25 April 2019

Contribution:
The Nomination Committee has reviewed the contribution of Ms Campbell in light of her forthcoming re-election at the AGM in April 2020 and has concluded that Ms Campbell has chaired the Audit Committee expertly through the year with significant attention to detail.

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

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
17,174 Ordinary shares

David Hardie

Status:
Independent Non-Executive Director

Experience:
He is a corporate lawyer by background and was formerly a partner of UK law firm, Dundas & Wilson (now part of CMS Cameron McKenna), where he was a partner for over 30 years and where he previously held various positions including head of corporate, managing partner and chairman. David is also a non-executive chairman of W N Lindsay Limited.

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

Last re-elected to the Board:
25 April 2019

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 2020 and has concluded that he has Chaired the Remuneration Committee diligently and provided significant legal experience and insight to the Board's deliberations through the year.

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

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
14,182 Ordinary shares

Alexandra Mackesy

Status:
Independent Non-Executive Director

Experience:
She is a former investment equity research analyst by background having spent the majority of her executive career in Asia. She is a non executive director of The Scottish Oriental Smaller Companies Trust Plc, JPMorgan Chinese Investment Trust plc and The Henderson Smaller Companies Investment Trust plc and a former director of RENN Universal Growth Investment Trust Plc, Schroder Asian Total Return Investment Co Plc and Empiric Student Property Plc.

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

Last re-elected to the Board:
25 April 2019

Contribution:
The Nomination Committee has reviewed the contribution of Ms Mackesy in light of her forthcoming re-election at the AGM to be held in April 2020 and concluded that she has provided significant investment insight and investment trust expertise to the Board during the year.

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

Employment by the Manager:
None

Other connections with Trust or Manager:
None

Shared Directorships with any other Trust Directors:
None

Shareholding in Company:
Nil

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Results and Dividends

Details of the Company's results and proposed dividends are shown on pages 2 and 29 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 2019 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 2019, there were 129,332,003 fully paid Ordinary shares of 25p each (2018 – 128,143,545 Ordinary shares) in issue. At the year end there were no Ordinary shares held in Treasury (2018 – 406,531).

Share Issuance and Buybacks

During the year 406,531 Ordinary shares were sold from Treasury all at a premium to the prevailing NAV per share (2018 – 357,665), 781,927 new Ordinary shares were issued at a premium under the Company's blocklisting authority and no Ordinary shares were purchased in the market for Treasury or cancellation (2018 – nil). Subsequent to the year end, a further 80,000 new Ordinary shares have been allotted under the Company's blocklisting, all at a premium 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

On 16 May 2019, the Company agreed a new £30 million loan facility with the Royal Bank of Scotland International Limited (RBSI) which was drawn in full and fixed for five years at an all-in rate of 2.25%. The new facility was, in part, used to repay a maturing £15 million loan (also with RBSI), with the remainder used for investment purposes. In May 2020 a further £50 million loan with RBSI is due to mature and the Directors are in the process of reviewing options to replace that facility.

Management and Secretarial Arrangements

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML"), a wholly owned subsidiary of Standard Life Aberdeen 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.

With effect from 1 January 2019, the Board and the Manager agreed a new fee level for calculating the Company's management fees payable to ASFML. The annual management is charged on net assets (ie excluding borrowings for investment purposes), averaged over the six previous quarters ("Net Assets"), on a tiered basis. The annual management fee from 1 January 2019 is now charged at 0.5% of Net Assets up to £1,200m and 0.425% of Net Assets above £1,200m. For the year ended 31 December 2018, the annual management fee was charged at 0.575% of Net Assets up to £1,200 million, 0.5% of Net Assets between £1,200 million and £1,400 million, and 0.425% of Net Assets above £1,400 million.

The secretarial fee of £100,000 per annum is included within the first tier of the annual management fee and is chargeable 100% to revenue. 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. No fees are charged in the case of investments managed or advised by the Standard Life Aberdeen 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 Standard Life Aberdeen 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 six non-executive Directors. The names and biographies of the current Directors are disclosed on pages 45 to 47 indicating their range of experience as well as length of service.

The Directors will retire at the AGM in April 2020 and, with the exception of Mr Dunscombe, each Director will stand for re-election. Mr Dunscombe has advised that, as part of the on-going Board succession planning, and having completed nine years on the Board, he will be retiring at the conclusion of the AGM in April 2020. Following Mr Dunscombe's retirement, Mr Hardie will become Senior Independent Director. Mr Simon Fraser has accepted an invitation to join the Board as an independent non executive Director with effect from 1 May 2020 and will submit himself for election to the Board at the AGM to be held in 2021.

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 45 to 47.

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.

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 2019:

Shareholder	No. of Ordinary shares held	% held
Rathbones	14,871,734	11.5
Aberdeen Standard Retail Plans [A]	9,982,352	7.7
Hargreaves Lansdown [A]	9,368,396	7.2
Interactive Investor [A]	8,617,351	6.7
Charles Stanley	6,889,060	5.3
Investec Wealth & Management	6,367,342	4.9
Smith & Williamson Wealth Management	4,943,980	3.8

[A] Non-beneficial interests

There have been no significant changes notified in respect of the above holdings between 31 December 2019 and 5 March 2020.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code 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.

Directors have attended Board and Committee meetings during the year ended 31 December 2019 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board	Other Board	Nom Com	Audit Com	MEC/ Rem
K J Carter [A]	6 (6)	1 (2)	3 (3)	n/a	1 (1)
C. Binyon	6 (6)	2 (2)	3 (3)	3 (3)	2 (2)
M Campbell	5 (6)	2 (2)	3 (3)	3 (3)	2 (2)
P W Dunscombe	6 (6)	2 (2)	3 (3)	3 (3)	2 (2)
D Hardie	6 (6)	2 (2)	3 (3)	3 (3)	2 (2)
A Mackesy	6 (6)	2 (2)	3 (3)	3 (3)	2 (2)

[A] Dr Carter is not a member of either the Audit and Risk Committee or the Remuneration Committee but attended all Committee meetings by invitation

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 59 to 61 of this Annual Report.

Management Engagement Committee ("MEC")
The MEC comprises all of the Directors. Dr Carter 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.

Nomination Committee
All appointments to the Board of Directors are considered by the Nomination Committee which comprises the entire Board and is chaired by Dr Carter. 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 27. 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 chair 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 Chair clearly set out. Dr Carter was appointed to the Board in 2009, became Chairman in 2011 and has now served more than nine years as a Director. The Directors have carefully reviewed the position of Dr Carter and are satisfied that he continues to remain fully independent of the Manager. Furthermore, the Directors are pleased that Dr Carter has agreed to remain as Chairman in order to ensure continuity ahead of his retirement and they are satisfied that there is a clear timetable for Dr Carter's retirement which will be at the conclusion of the AGM in 2021. Therefore the Directors fully support Dr Carter's proposed re-election at the forthcoming AGM and urge the shareholders to do the same.

Mr Dunscombe will retire from the Board with effect from the conclusion of the business at the AGM to be held in April 2020. Accordingly, the Company has conducted a search for a new independent non executive Director using the services of Korn Ferry, an independent external recruitment agent that has no other connections with the Company. A key requirement of the recruitment process was 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. Having reviewed a long list of potential candidates and interviewed a short list, the search process culminated in the decision to appoint Mr Simon Fraser to the Board with effect from 1 May 2020.

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. In 2019 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. This evaluation highlighted certain areas of further focus such as continuing professional development which will be addressed with input where necessary from the Company's advisors. 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, with the exception of Mr Dunscombe, will retire at the forthcoming Annual General Meeting and will offer themselves for re-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 45 to 47.

Directors' Report Continued

Remuneration Committee
The level of fees payable to Directors is considered by the Remuneration Committee which comprises the entire Board excluding Dr Carter and which is chaired by Mr Hardie.

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 56 to 58.

Going Concern

The Directors have undertaken a robust review of the Company's viability (refer to statement on page 27) 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 £50 million loan facility with RBSI which is due to mature in May 2020. The Directors are currently reviewing options to replace the facility. However, at this stage it is too early to confirm that the facility will be renewed. 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 25 and 26 and have reviewed forecasts detailing revenue and liabilities. 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

Ernst & Young LLP and its associated audit firms ("EY") has been auditor to the Company since its launch in 1907 and will not be able to audit the Company from 2021. Therefore, in accordance with regulatory requirements the Board conducted a tender for audit services during the year, which culminated in a decision to recommend to shareholders the appointment of BDO LLP as independent auditor to the Company with effect from the AGM on 24 April 2020. BDO LLP has expressed its willingness to become the Company's auditor and a Resolution to appoint BDO LLP as the Company's auditor will be put to the forthcoming Annual General Meeting, 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 design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board 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.

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 12 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 £3,235,300 (equivalent to 12,941,200 Ordinary shares or 10% of the Company's existing issued share capital at 5 March 2020, the latest practicable date prior to the publication of this Annual Report). Such authority will expire on the date of the 2021 Annual General Meeting or on 30 June 2021, 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,

Directors' Report Continued

shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 13 will, if passed, also give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £3,235,300 (equivalent to 12,941,200 Ordinary shares or 10% of the Company's existing issued share capital at 5 March 2020, 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 12. This authority will also expire on the date of the 2021 Annual General Meeting or on 30 June 2021, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 12 and 13 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 13 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 25 April 2019, shareholders approved the renewal of the authority permitting the Company to repurchase its Ordinary shares.

The Directors wish to renew the authority given by shareholders at the 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 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 14 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.

Special Resolution 14 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 19,398,859 Ordinary shares as at 5 March 2020). Such authority will expire on the date of the 2021 Annual General Meeting or on 30 June 2021, 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.

Investment Objective/Benchmark

As explained in detail in the Chairman's Statement on page 8, the Directors are proposing Ordinary Resolution 15, to adopt a new performance reference index and amend the Investment Objective. It is now proposed to change the Investment Objective to read "*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*". The proposed new reference index is the FTSE All World TR Index (the "Reference Index") and whilst it is accepted that the constituents of the Reference Index do not closely match those of the

Company's portfolio and so performance comparisons will continue to diverge, this index should resemble the portfolio more closely than the present Benchmark and is more widely recognised.

Recommendation

The Directors consider that the authorities granted 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 86,312 shares, representing approximately 0.1% of the Company's issued share capital as at 5 March 2020.

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.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report is widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager's freephone information service and the Company's website (murray-intl.co.uk). The Company responds to letters from shareholders on a wide range of issues.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the Standard Life Aberdeen 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.

In addition to the formal annual general meeting, the Board seeks regular engagement with the Company's major shareholders through roadshow meetings undertaken in conjunction with the Manager and Broker as well as private meetings, in order to understand their views on governance and performance against the company's investment objective and investment policy. The results of these meetings are formally reported back to the Board at the regular quarterly Board meetings and discussed.

By order of the Board of Murray International Trust PLC

Aberdeen Asset Management PLC
Secretary
1 George Street,
Edinburgh EH2 2LL

5 March 2020

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, David Hardie, am the Chairman.

This Remuneration Report comprises three parts:

i. 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 25 April 2017 AGM and to be proposed for approval at the AGM on 24 April 2020;

ii. 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,

iii. 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 63.

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 has six 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.

	31 December 2019 £	31 December 2018 £
Chairman	45,000	45,000
Chairman of Audit and Risk Committee	32,000	32,000
Director	26,000	26,000
Senior Independent Director	Extra 3,000	Extra 3,000

Articles Limit on Directors' Fees

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors per annum to £225,000. The level of cap may be increased by shareholder resolution from time to time and was last increased in 2012.

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;
- 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 51);
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (£26,000 for the year to 31 December 2019);
- 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.

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 25 April 2017 and will be proposed for approval at the AGM to be held on 24 April 2020. The Remuneration Policy is reviewed by the Remuneration Committee on an annual basis and it is the Committee's intention that this Remuneration Policy, once approved, will apply for the three year period ending 31 December 2022.

Implementation Report

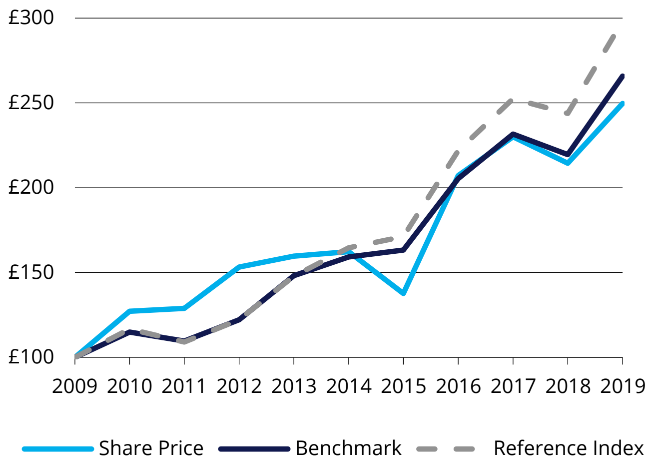
Directors' Fees

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 with effect from 1 January 2020 the annual fees payable to Directors should be: Chairman £48,000, Audit and Risk Committee Chairman £34,000, Directors £28,000 with an extra £4,000 payable to the Senior Independent Director. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors. The Directors' fees were last increased in December 2016, with effect from 1 January 2017 and this increase broadly reflects the impact of RPI over the three year period since the last increase.

Company Performance

During the year, the Board also carried out a review of investment performance. The following graph compares the total return (assuming all dividends are reinvested) to Ordinary shareholders, assuming a notional investment of £100 into the Company on 31 December 2009, compared with the total shareholder total return on the Company's Benchmark and Reference Index respectively.

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 25 April 2019, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2018 and the following proxy votes were received on the resolutions:

Resolution	For* %	Against %	Withheld %
(2) Receive and Adopt Directors' Remuneration Report	38.7m (99.8%)	87,300 (0.2%)	105,265
(3) Approve Directors' Remuneration Policy**	38.8m (99.3%)	96,583 (0.3%)	69,487

* Including discretionary votes
** Last voted upon on 25 April 2017

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

Directors' Remuneration Report Continued

Fees Payable (Audited)

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

Director	2019 £	2018 £
K J Carter	45,000	45,000
C Binyon [A]	26,000	17,333
M Campbell	32,000	32,000
P W Dunscombe	29,000	28,042
D Hardie	26,000	26,000
A Mackesy	26,000	26,000
J D Best [B]	n/a	9,667
Total	**184,000**	**184,042**

[A] Appointed to the Board on 1 May 2018
[B] Retired from Board on 26 April 2018

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 2019 and 31 December 2018 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 2019 Ordinary 25p	31 December 2018 [C] Ordinary 25p
K J Carter	50,000	45,000
C Binyon [A]	1,106	1,062
M Campbell	17,174	17,174
P W Dunscombe	3,850	3,850
D Hardie	14,044	13,438
A Mackesy	-	-
J D Best [B]	n/a	52,500

[A] Appointed to the Board on 1 May 2018
[B] Retired from Board on 26 April 2018
[C] Or date of retirement

Subsequent to the period end Mr Hardie's beneficial holding has increased to 14,182 Ordinary shares respectively following reinvestment of the third interim dividend paid on 19 February 2020. With the exception of this further disclosure, the Directors' holdings were unchanged at 5 March 2020, 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, David Hardie, 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 2019:

- 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 5 March 2020 and signed on its behalf by:

David Hardie
Remuneration Committee Chairman
5 March 2020

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. During the year the Audit Committee changed its name and updated its Terms of Reference to reflect the growing importance placed on matters relating to risk.

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 Dr Carter) and I, Marcia Campbell, am the Chairman. Dr Carter is not a member of the Committee, but 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 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 policy on the engagement of the auditor to supply non-audit services. There were no non-audit fees (2018: £2,000 in connection with the electronic filing of iXBRL tax returns) paid to the auditor during the year under review;
- we review a statement from the Manager detailing the arrangements in place within the Standard Life Aberdeen 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 EY, its auditor, which notes that EY 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 EY is now 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 EY and the Audit and Risk Committee confirms its belief that EY is independent in

Report of Audit and Risk Committee Continued

accordance with the UK Corporate Governance Code. From 1 January 2017, following the implementation of the European Audit Regulation Directive, EY has not provided any significant non audit services to the Company. Deloitte has been retained to provide local tax compliance services to the Company.

Significant Matters

During our review of the Company's financial statements for the year ended 31 December 2019, we considered the following significant issues:

Valuation, Existence 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 (a) and 2(e) to the financial statements on pages 76 and 77. All investments are quoted and can be verified against daily market prices. 84.2% of investments are considered to be liquid and are therefore categorised as Level 1 in accordance with the FRS 102 fair value hierarchy. 15.8% 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.

Recognition of Investment Income

Mitigation - The recognition of investment income is undertaken in accordance with accounting policy 2(b) to the financial statements on page 76. 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 EY 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/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.

EY, and predecessor firms, have held office as auditor since the incorporation of the Company in 1907. In accordance with present professional guidelines the Senior Statutory Auditor is rotated after no more than five years and the year ended 31 December 2019 will be the third and final year for which the present Senior Statutory Auditor will serve. The Committee considers EY, the Company's auditor, to be independent of the Company.

During the year the Audit and Risk Committee undertook a tender for the Company's external audit services (the last one was in 2013). EY was not able to participate in the tender as a result of the EU Audit Regulations which require EY to rotate as auditor by no later than the completion of the audit in respect of the year ending 31 December 2020. Having reviewed a long list of potential audit firms drawn from across the range of UK based largest and mid sized audit firms, a short list of two firms was interviewed. The Audit and Risk Committee recommended to the Board the appointment of BDO LLP and BDO LLP has subsequently accepted an invitation to become the Company's independent auditor, subject to approval by shareholders at the AGM in April 2020.

I should like to take this opportunity to thank Matt Price the present audit partner at EY and his predecessors and the team at EY for their diligence over the years. Following the formal appointment of BDO both I and my fellow Directors very much look forward to working seamlessly with the team at BDO LLP.

For and on behalf of the Audit and Risk Committee

Marcia Campbell,
Audit and Risk Committee Chairman
5 March 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The financial statements are published on **murray-intl.co.uk** which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of his or her knowledge:

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

For Murray International Trust PLC

Kevin Carter,
Chairman
5 March 2020

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

Opinion

We have audited the financial statements of Murray International Trust PLC (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 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.

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 below. We are 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 25 and 26 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 25 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 52 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or

  the directors' explanation set out on page 27 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

Overview of our audit approach

Key audit matters	Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income Incorrect valuation and defective title of the investment portfolio
Materiality	Overall materiality of £15.39m which represents 1% of shareholders' funds (2018: £14.2m)

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. These matters included 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 60 in the Report of the Audit Committee and as per the accounting policy set out on page 76). The total revenue received for the year to 31 December 2019 was £82.42m (2018: £77.12m), consisting primarily of dividend and interest income from listed investments. Special dividends for the year totalled £3.60m (2018: £1.04m) of which £2.33m (2018: £0.91m) were classified as revenue and £1.27m (2018: £0.13m) as capital. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete and/or inaccurate recognition of revenue through the failure to recognise proper income entitlements or not applying appropriate accounting treatment. In addition to the above, the directors are	**We have performed the following procedures:** We obtained an understanding of Aberdeen Asset Managers Limited's (the "Manager") and BNP Paribas Securities Services' (the "Administrator") processes and controls surrounding revenue recognition and the classification of special dividends by reviewing their internal controls reports and performing walkthrough procedures. For the classification of special dividends, we also evaluated the design and implementation of controls. We agreed all dividends received as noted in the income report to the corresponding announcement made by the investee company. We recalculated the dividend income by multiplying the investment holdings at the ex dividend date, traced from the accounting records, by the dividend per share as agreed to an external source. Where applicable, we also agreed the exchange rates to an external source. We traced a sample of dividends received to bank statements. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded.	**The results of our procedures are**: We have no issues to report to the Audit Committee with respect to our procedures performed. We are satisfied that revenue has been appropriately recognised and classified.

required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 December 2019. We agreed the dividend rate to corresponding announcements made by the investee company. We recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year end bank statements if paid post year end. We performed a review of relevant income and capital reports to identify dividends received and accrued during the period that are above our testing threshold. We identified which of the dividends above our testing threshold were special dividends with reference to an external source. There were two special dividends above our testing threshold with a combined total of £2.35m. £1.08m was classified as revenue and £1.27m as capital. We recalculated and assessed the appropriateness of management's classification between revenue and capital for each of the special dividends identified for testing with reference to information available from the underlying company which set out the rationale for paying the special dividend. We recalculated, on a sample basis, the effective interest rate on fixed interest income securities. We recalculated the accrued interest as at the year end with reference to the interest rates and last coupon pay date, both of which we agreed to an external source. We agreed the amounts received to bank statements if paid post year end. We performed tests of journal entries focusing on investment income journals during the year.	
Risk of incorrect valuation and defective title of the investment (as described on page 60 in the Report of the Audit Committee and as per the accounting policy set out on pages 76 and 77). The valuation of the portfolio at 31 December 2019 was £1,701.57m (2018: £1,585.17m).	**We performed the following procedures:** We obtained an understanding of the Administrator's processes and controls surrounding investment pricing by reviewing their internal controls reports and by performing walkthrough procedures. For all investments in the portfolio, we compared the market prices and exchange rates applied to an	**The results of our procedures are:** We have no issues to report to the Audit Committee with respect to our procedures. We are satisfied that investments have been appropriately recognised and classified.

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

The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title of the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined by reference to stock exchange quoted market bid prices at close of business on the reporting date.	independent pricing vendor and recalculated the investment valuations as at the year-end. We obtained and reviewed the Manager's liquidity assessment and performed an independent evaluation of the portfolio's liquidity using trading volumes obtained from an external data vendor, where available. We agreed the Company's investments to the independent confirmation received from the Company's Custodian and Depositary as at 31 December 2019.	

There have been no changes to the areas of key focus raised in the above risk table from the prior year.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £15.39m (2018: £14.20m) which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £11.54m (2018: £10.65m). We have set performance materiality at this percentage as we considered there to be a low likelihood of misstatements based on our previous audits of the Company.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £3.84m (2018: £3.57m) being 5% of profit before tax.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.77m (2018: £0.71m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 63 and 98 to 110, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 62 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- Audit committee reporting set out on pages 59 to 61 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- Directors' statement of compliance with the UK Corporate Governance Code set out on page 60 – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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 directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 directors' report.

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 directors' responsibilities statement set out on page 62, 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.

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

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code, the Companies (Miscellaneous Reporting) Regulations 2018 and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities.**

This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the Company in 1907 to audit the financial statements for the year ending 31 December 1907 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 112 years, covering the years ending 31 December 1907 to 31 December 2019.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

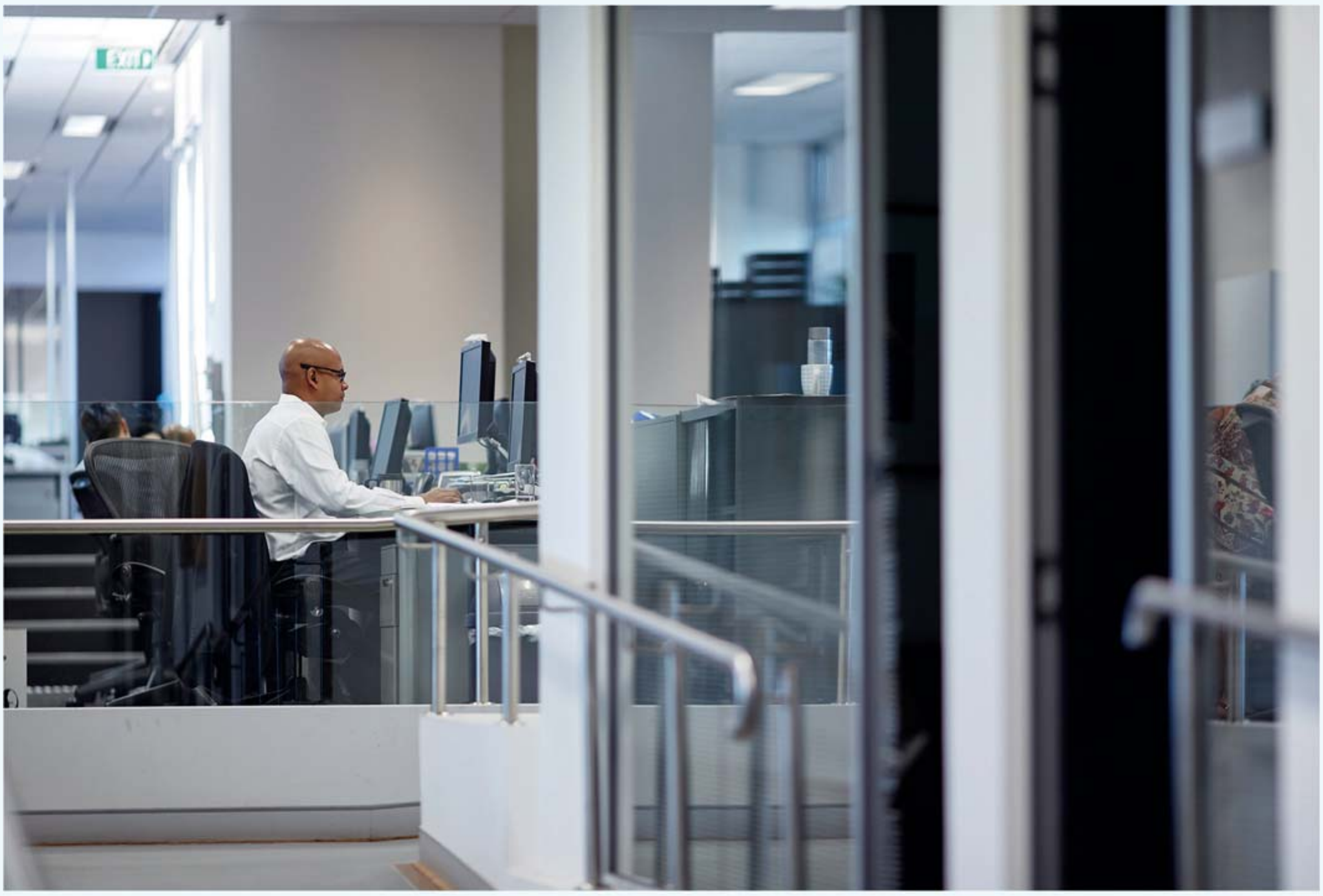
Use of our report

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.

Matthew Price (Senior Statutory Auditor),
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
5 March 2020

Financial Statements

Subject to approval of the 17.5p final dividend, the total Ordinary dividends for the year will amount to 53.5p, an increase of 3.9% from last year (2018: 51.5p). After accounting for the payment of the final dividend, there will be a small transfer of approximately £0.6 million to the Company's revenue reserves.



Statement of Comprehensive Income

		Year ended 31 December 2019			Year ended 31 December 2018		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	109,664	109,664	–	(175,349)	(175,349)
Income	3	82,417	–	82,417	77,105	–	77,105
Investment management fees	4	(2,139)	(4,991)	(7,130)	(2,495)	(5,820)	(8,315)
Currency (losses)/gains		–	(147)	(147)	–	284	284
Other expenses	5	(2,109)	–	(2,109)	(1,963)	(18)	(1,981)
Net return before finance costs and taxation		78,169	104,526	182,695	72,647	(180,903)	(108,256)
Finance costs	6	(1,283)	(2,994)	(4,277)	(1,210)	(2,822)	(4,032)
Return before taxation		76,886	101,532	178,418	71,437	(183,725)	(112,288)
Taxation	7	(7,138)	1,517	(5,621)	(7,868)	1,619	(6,249)
Return attributable to equity shareholders		**69,748**	**103,049**	**172,797**	**63,569**	**(182,106)**	**(118,537)**
Return per Ordinary share (pence)	9	**54.1**	**80.0**	**134.1**	**49.6**	**(142.2)**	**(92.6)**

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 2019 £'000	As at 31 December 2018 £'000
Non-current assets			
Investments at fair value through profit or loss	10	1,701,573	1,585,166
Current assets			
Debtors	11	14,780	14,519
Cash and short term deposits		30,040	7,627
		44,820	22,146
Creditors: amounts falling due within one year			
Bank loans	12,13	(50,000)	(15,000)
Other creditors	12	(7,634)	(3,048)
		(57,634)	(18,048)
Net current (liabilities)/assets		(12,814)	4,098
Total assets less current liabilities		1,688,759	1,589,264
Creditors: amounts falling due after more than one year			
Bank loans	12,13	(149,704)	(169,676)
Net assets		**1,539,055**	**1,419,588**
Capital and reserves			
Called-up share capital	14	32,333	32,137
Share premium account		361,989	351,666
Capital redemption reserve		8,230	8,230
Capital reserve	15	1,060,756	953,992
Revenue reserve		75,747	73,563
Equity shareholders' funds		**1,539,055**	**1,419,588**
Net asset value per Ordinary share (pence)	16	**1,190.0**	**1,107.8**

The financial statements were approved and authorised for issue by the Board of Directors on 5 March 2020 and were signed on its behalf by:

Kevin Carter
Director

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

Statement of Changes in Equity

For the year ended 31 December 2019

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2018		32,137	351,666	8,230	953,992	73,563	1,419,588
Return after taxation		–	–	–	103,049	69,748	172,797
Dividends paid	8	–	–	–	–	(67,564)	(67,564)
Issue of shares from Treasury	14	–	1,046	–	3,715	–	4,761
Issue of new shares	14	196	9,277	–	–	–	9,473
Balance at 31 December 2019		**32,333**	**361,989**	**8,230**	**1,060,756**	**75,747**	**1,539,055**

For the year ended 31 December 2018

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2017		32,137	350,681	8,230	1,132,829	75,252	1,599,129
Return after taxation		–	–	–	(182,106)	63,569	(118,537)
Dividends paid	8	–	–	–	–	(65,258)	(65,258)
Issue of shares from Treasury	14	–	985	–	3,269	–	4,254
Balance at 31 December 2018		**32,137**	**351,666**	**8,230**	**953,992**	**73,563**	**1,419,588**

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

Statement of Cash Flows

	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Net return before finance costs and taxation		182,695	(108,256)
Decrease in accrued expenses		(229)	(58)
Overseas withholding tax		(6,400)	(6,288)
Interest income		(27)	(5)
Dividend income		(61,249)	(55,906)
Fixed interest income		(21,141)	(21,194)
Fixed interest income received		21,516	20,432
Dividends received		60,461	55,557
Interest received		27	5
Interest paid		(4,183)	(4,104)
(Gains)/losses on investments		(109,664)	175,349
Currency losses/(gains)		147	(284)
(Increase)/decrease in other debtors		(10)	21
Corporation tax paid		(541)	(898)
Net cash inflow from operating activities		61,402	54,371
Investing activities			
Purchases of investments		(159,028)	(114,399)
Sales of investments		158,516	124,079
Net cash (used in)/from investing activities		(512)	9,680
Financing activities			
Equity dividends paid	8	(67,564)	(65,258)
Issue of Ordinary shares	14	9,473	–
Issue of Ordinary shares from Treasury	14	4,761	4,254
Loan repayment		(15,000)	(60,000)
Loan drawdown		30,000	60,000
Net cash used in financing activities		(38,330)	(61,004)
Increase in cash		**22,560**	**3,047**
Analysis of changes in cash during the year			
Opening balance		7,627	4,296
Effect of exchange rate fluctuations on cash held		(147)	284
Increase in cash as above		22,560	3,047
Closing balances		**30,040**	**7,627**

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

Notes to the Financial Statements

For the year ended 31 December 2019

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 October 2019. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that approval as an investment trust will continue to be granted and that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 52.

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 is the determination of the fair value hierarchy classification of quoted preference shares and bonds which have been assessed as being Level 2 due to them not being 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 (as adopted for use in the EU) 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 bank overdrafts repayable on demand and 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.

(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 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. 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.

Notes to the Financial Statements Continued

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 (f) above. This reserve is not distributable except for the purpose of funding share buybacks 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. Should these shares be sold subsequently, the amount received is recognised as an increase in equity, and the resulting surplus on the transaction is transferred to the share premium account or where a deficit on the transaction then it is transferred 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

	2019 £'000	2018 £'000
Income from investments (all listed)		
UK dividend income	9,123	9,651
Overseas dividends	52,126	46,255
Overseas interest	21,141	21,194
	82,390	77,100
Other income		
Deposit interest	24	5
Interest on corporation tax reclaim	3	–
Total income	**82,417**	**77,105**

4. Investment management fees

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Investment management fees	2,139	4,991	7,130	2,495	5,820	8,315

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. With effect from 1 January 2019 the annual management fee has been charged at 0.5% of Net Assets up to £1,200 million and 0.425% of Net Assets above £1,200 million. Previously, the annual management fee was charged at 0.575% of Net Assets up to £1,200 million, 0.5% of Net Assets between £1,200 million and £1,400 million, and 0.425% of Net Assets above £1,400 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 £7,130,000 (2018 – £8,315,000) of investment management fees was payable to the Manager, with a balance of £1,799,000 (2018 – £2,055,000) being due at the year end.

Included within the management fee arrangements is a secretarial fee of £100,000 per annum which is chargeable 100% to revenue. During the year £100,000 (2018 – £100,000) of secretarial fees was payable to the Manager, with a balance of £25,000 (2018 – £25,000) being payable to ASFML at the year end.

No fees are charged in the case of investments managed or advised by the Standard Life Aberdeen 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.

5. Other expenses

	2019 £'000	2018 £'000
Promotional activities[A]	394	425
Registrars' fees	147	121
Directors' remuneration	184	184
Irrecoverable VAT	60	56
Secretarial fees[B]	100	100
Auditor's fees for:		
– Statutory audit	35	28
– Other assurance services	–	2
Administrative expenses[C]	1,189	1,065
	2,109	1,981

[A] In 2019 £394,000 (2018 – £425,000) was payable to ASFML to cover promotional activities during the year. At the year end £100,000 (2018 – £106,000) was due to ASFML.
[B] Details of the fee basis are contained in note 4 above.
[C] Includes bank charges and custody fees of £682,000 (2018 – £593,000), depositary fees of £149,000 (2018 – £146,000), stock exchange fees of £80,000 (2018 – £81,000) and printing, postage and stationery costs of £78,000 (2018 – £83,000).

Notes to the Financial Statements Continued

6. Finance costs

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Bank loans	**1,283**	**2,994**	**4,277**	**1,210**	**2,822**	**4,032**

7. Taxation

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
(a) Total tax charge						
Analysis for the year						
Current UK tax	1,892	–	1,892	1,921	–	1,921
Double taxation relief	(1,224)	–	(1,224)	(1,006)	–	(1,006)
Corporation tax prior year adjustment	(453)	–	(453)	–	–	–
Tax relief to capital	1,517	(1,517)	–	1,645	(1,645)	–
Irrecoverable overseas tax suffered	7,104	–	7,104	6,611	–	6,611
Overseas tax reclaimable	(1,698)	–	(1,698)	(1,303)	26	(1,277)
Total tax charge for the year	**7,138**	**(1,517)**	**5,621**	**7,868**	**(1,619)**	**6,249**

(b) Factors affecting the tax charge for the year

The UK corporation tax rate is 19% (2018 – 19%). The tax assessed for the year is lower than the corporation tax rate. The differences are explained below:

	Revenue £'000	Capital £'000	2019 Total £'000	Revenue £'000	Capital £'000	2018 Total £'000
Return before taxation	**76,886**	**101,532**	**178,418**	**71,437**	**(183,725)**	**(112,288)**
Return multiplied by the effective standard rate of corporation tax of 19% (2018 – 19%)	14,608	19,291	33,899	13,573	(34,907)	(21,334)
Effects of:						
Non taxable UK dividend income	(1,733)	–	(1,733)	(1,834)	–	(1,834)
(Gains)/losses on investments not taxable	–	(20,836)	(20,836)	–	33,316	33,316
Currency losses/(gains) not taxable	–	28	28	–	(54)	(54)
Non taxable overseas dividends	(9,467)	–	(9,467)	(8,173)	–	(8,173)
Irrecoverable overseas tax suffered	7,104	–	7,104	6,611	–	6,611
Overseas tax reclaimable	(1,698)	–	(1,698)	(1,303)	26	(1,277)
Double taxation relief	(1,224)	–	(1,224)	(1,006)	–	(1,006)
Corporation tax prior year adjustment	(453)	–	(453)	–	–	–
Expenses not deductible for tax purposes	1	–	1	–	–	–
Total tax charge for the year	**7,138**	**(1,517)**	**5,621**	**7,868**	**(1,619)**	**6,249**

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 (2018 – same) arising as a result of there being no excess management expenses (2018 – same) to be utilised in future periods.

8. Ordinary dividends on equity shares

	2019 £'000	2018 £'000
Amounts recognised as distributions paid during the year:		
Third interim for 2018 of 11.5p (2017 – 11.0p)	14,736	14,057
Final dividend for 2018 of 17.0p (2017 – 17.0p)	21,904	21,729
First interim for 2019 of 12.0p (2018 – 11.5p)	15,462	14,736
Second interim for 2019 of 12.0p (2018 – 11.5p)	15,462	14,736
	67,564	**65,258**

A third interim dividend was declared on 26 November 2019 with an ex date of 2 January 2020. This dividend of 12.0p was paid on 19 February 2020 and has not been included as a liability in these financial statements. The proposed final dividend for 2019 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 £69,748,000 (2018 – £63,569,000).

	2019 £'000	2018 £'000
Three interim dividends for 2019 of 12.0p (2018 – 11.5p)	46,444	44,208
Proposed final dividend for 2019 of 17.5p (2018 – 17.0p)	22,647	21,904
	69,091	**66,112**

The amount reflected above for the cost of the proposed final dividend for 2019 is based on 129,412,003 Ordinary shares, being the number of Ordinary shares in issue at the date of this Report.

9. Return per Ordinary share

	2019 £'000	2019 p	2018 £'000	2018 p
Returns are based on the following figures:				
Revenue return	69,748	54.1	63,569	49.6
Capital return	103,049	80.0	(182,106)	(142.2)
Total return	**172,797**	**134.1**	**(118,537)**	**(92.6)**
Weighted average number of Ordinary shares		**128,850,295**		**128,039,138**

Notes to the Financial Statements Continued

10. Investments at fair value through profit or loss

	2019 £'000	2018 £'000
Opening book cost	1,225,730	1,190,598
Opening investment holdings gains	359,436	569,301
Opening fair value	1,585,166	1,759,899
Analysis of transactions made during the year		
Purchases at cost	164,010	114,399
Sales proceeds received	(158,516)	(115,071)
Gains/(losses) on investments	109,664	(175,349)
Accretion of fixed income book cost	1,249	1,288
Closing fair value	**1,701,573**	**1,585,166**
Closing book cost	1,276,337	1,225,730
Closing investment gains	425,236	359,436
Closing fair value	**1,701,573**	**1,585,166**

The Company received £158,516,000 (2018 – £115,071,000) from investments sold in the period. The book cost of these investments when they were purchased was £114,652,000 (2018 – £80,555,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The portfolio valuation	2019 £'000	2018 £'000
Listed on stock exchanges:		
United Kingdom:		
– equities	127,902	161,681
– preference shares	7,677	6,721
Overseas:		
– equities	1,305,160	1,160,004
– fixed income	260,834	256,760
Total	**1,701,573**	**1,585,166**

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:

	2019 £'000	2018 £'000
Purchases	172	88
Sales	132	105
	304	**193**

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

	2019 £'000	2018 £'000
Corporation tax refund	93	–
Overseas withholding tax	3,385	2,302
Other debtors	56	46
Accrued income	11,246	12,171
	14,780	**14,519**

None of the above amounts are overdue or impaired.

12. Creditors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Bank loans (note 13)	50,000	15,000
Corporation tax payable	–	233
Amounts due to brokers	4,982	–
Accruals	2,652	2,815
	57,634	**18,048**

	2019 £'000	2018 £'000
Amounts falling due after more than one year:		
Bank loans (note 13)	**149,704**	**169,676**

All financial liabilities are measured at amortised cost.

13. Bank loans

	2019 £'000	2018 £'000
Unsecured bank loans repayable within one year:		
– £15,000,000 at 1.467% – 16 May 2019	–	15,000
– £50,000,000 at 2.4975% – 13 May 2020	50,000	–
Unsecured bank loans repayable in more than one year but no more than five years:		
– £50,000,000 at 2.4975% – 13 May 2020	–	50,000
– £60,000,000 at 1.714% – 31 May 2022	59,855	59,795
– £60,000,000 at 2.328% – 31 May 2023	59,908	59,881
– £30,000,000 at 2.25% – 16 May 2024	29,941	–
	199,704	**184,676**

Notes to the Financial Statements Continued

During 2019 the Company entered into a new £30,000,000 loan facility agreement with The Royal Bank of Scotland plc ("RBSI"), due on 16 May 2024, incurring an arrangement fee of £67,500. This expense will be amortised over the life of the loan.

The terms of these loans 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 early, then no such charges are included in the cash flows used to determine their effective interest rate.

The Company currently has four fixed rate term loan facilities with RBSI, all of which are fully drawn down and have maturity dates of 13 May 2020, 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 £600 million. At 31 December 2019 net assets were £1,539,055,000 and borrowings were 13.0% thereof. The Company has complied with all financial covenants throughout the year.

14. Share capital

	Number	2019 £'000	Number	2018 £'000
Allotted, called up and fully paid Ordinary shares of 25p each:				
Balance brought forward	128,143,545	32,036	127,785,880	31,946
Ordinary shares issued from Treasury in the year	406,531	101	357,665	90
Ordinary shares issued in the year	781,927	196	–	–
Balance carried forward	**129,332,003**	**32,333**	**128,143,545**	**32,036**
Treasury shares:				
Balance brought forward	406,531	101	764,196	191
Ordinary shares issued from Treasury in the year	(406,531)	(101)	(357,665)	(90)
Balance carried forward	**–**	**–**	**406,531**	**101**

At 31 December 2019, shares held in Treasury represented 0% (2018 – 0.3%) of the Company's total issued share capital.

During the year 406,531 (2018 – 357,665) Ordinary shares were issued from Treasury and 781,927 (2018 – nil) new Ordinary shares were issued. All these shares were issued at a premium to net asset value, enhancing net assets per share for existing shareholders. The issue prices ranged from 1164p to 1243p (2018 – 1170p to 1254p). The issue of Ordinary shares from Treasury raised a total of £4,761,000 (2018 – £4,254,000) net of expenses and the issue of new Ordinary shares raised £9,473,000 (2018 – £nil) net of expenses. Following the year end a further 80,000 new Ordinary shares were issued at prices ranging from 1238p to 1254p raising £999,000, 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

	2019 £'000	2018 £'000
At 31 December 2018	953,992	1,132,829
Movement in fair value gains	109,664	(175,349)
Capital expenses (including taxation)	(6,468)	(7,041)
Issue of shares from Treasury	3,715	3,269
Currency (losses)/gains	(147)	284
At 31 December 2019	**1,060,756**	**953,992**

Included in the total above are investment holdings gains at the year end of £425,236,000 (2018 – £359,436,000).

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 2019	As at 31 December 2018
Attributable net assets (£'000)	1,539,055	1,419,588
Number of Ordinary shares in issue (excluding Treasury)	129,332,003	128,143,545
Net asset value per share (pence)	1,190.0	1,107.8

17. Analysis of changes in net debt

	At 31 December 2018 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2019 £'000
Cash and short term deposits	7,627	(147)	22,560	–	30,040
Debt due within one year	(15,000)	–	15,000	(50,000)	(50,000)
Debt due after more than one year	(169,676)	–	(30,000)	49,972	(149,704)
	(177,049)	**(147)**	**7,560**	**(28)**	**(169,664)**

	At 31 December 2017 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2018 £'000
Cash and short term deposits	4,296	284	3,047	–	7,627
Debt due within one year	(60,000)	–	60,000	(15,000)	(15,000)
Debt due after more than one year	(124,735)	–	(60,000)	15,059	(169,676)
	(180,439)	**284**	**3,047**	**59**	**(177,049)**

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.

Notes to the Financial Statements Continued

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 Standard Life Aberdeen 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 Officers 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 Officers 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 Standard Life Aberdeen 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 pages 83 and 84.

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 2019	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	–	–	7,677	12,122	127,902
US Dollar	20.84	6.83	78,934	–	408,012
Other	6.04	7.80	181,900	17,918	897,148
Total assets			**268,511**	**30,040**	**1,433,062**
Liabilities					
Bank loans	2.49	2.17	(199,704)	–	–
Total liabilities			**(199,704)**	**–**	**–**

At 31 December 2018	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	–	–	6,721	7,587	161,681
US Dollar	22.96	6.59	83,281	30	376,712
Other	7.07	7.87	173,479	10	783,292
Total assets			**263,481**	**7,627**	**1,321,685**
Liabilities					
Bank loans	2.94	2.12	(184,676)	–	–
Total liabilities			**(184,676)**	**–**	**–**

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.

Notes to the Financial Statements Continued

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 100 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 2019 would increase/decrease by £300,000 (2018 – increase/decrease by £76,000). 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.

– capital return would decrease/increase by £13,260,000 (2018 – increase/decrease by £13,307,000). This is also mainly attributable to the Company's exposure to interest rates on cash balances and its fixed interest portfolio. These figures have been calculated using VAR ("Value at Risk") analysis based on cash and 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 2019 the Company did not have any forward foreign currency contracts (2018 – none).

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

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

	31 December 2019			31 December 2018		
	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	408,012	–	408,012	376,712	30	376,742
Taiwan Dollar	163,804	16,633	180,437	123,126	9	123,135
Mexican Peso	107,860	–	107,860	89,876	–	89,876
Indonesian Rupiah	86,559	(4,982)	81,577	63,481	–	63,481
Singapore Dollar	70,903	–	70,903	49,702	–	49,702
Swiss Franc	66,861	–	66,861	58,841	–	58,841
Canadian Dollar	61,776	–	61,776	42,723	–	42,723
Euro	53,409	–	53,409	51,806	–	51,806
Swedish Krone	53,189	–	53,189	37,899	–	37,899
Thailand Baht	52,884	–	52,884	46,204	–	46,204
New Zealand Dollar	26,645	–	26,645	22,619	–	22,619
Malaysian Ringgit	25,112	–	25,112	49,357	–	49,357
Norwegian Krone	20,282	–	20,282	–	–	–
Indian Rupee	19,114	2	19,116	–	1	1
Brazilian Real	17,834	1,283	19,117	12,125	–	12,125
Australian Dollar	16,579	–	16,579	12,796	–	12,796
Japanese Yen	15,710	–	15,710	60,367	–	60,367
Hong Kong Dollar	15,706	–	15,706	36,711	–	36,711
Polish Zloty	14,015	–	14,015	15,947	–	15,947
South African Rand	8,906	–	8,906	9,712	–	9,712
	1,305,160	12,936	1,318,096	1,160,004	40	1,160,044
Sterling	127,902	(187,582)	(59,680)	161,681	(177,089)	(15,408)
Total	**1,433,062**	**(174,646)**	**1,258,416**	**1,321,685**	**(177,049)**	**1,144,636**

[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.

Notes to the Financial Statements Continued

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.

	2019 Capital[A] £'000	2018 Capital[A] £'000
US Dollar	40,801	37,671
Taiwan Dollar	18,044	12,313
Mexican Peso	10,786	8,988
Indonesian Rupiah	8,158	–
Singapore Dollar	7,090	–
Swiss Franc	6,686	–
Total	**91,565**	**58,972**

[A] Represents equity exposures to the relevant currencies.

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 a total return greater than its benchmark by investing predominantly in equities worldwide.

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 page 17, 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 while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 December 2019 would have increased/decreased by £143,306,000 (2018 – increase/decrease of £132,169,000) and equity would have increased/decreased by the same amount.

(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 2019	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	3,117	3,100	2,585	1,371	337	–	10,510
Cash flows on other creditors	7,634	–	–	–	–	–	7,634
	60,751	**3,100**	**62,585**	**61,371**	**30,337**	**–**	**218,144**

At 31 December 2018	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	15,000	50,000	–	60,000	60,000	–	185,000
Interest cash flows on bank loans	3,776	3,061	2,425	1,910	697	–	11,869
Cash flows on other creditors	2,815	–	–	–	–	–	2,815
	21,591	**53,061**	**2,425**	**61,910**	**60,697**	**–**	**199,684**

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.

Notes to the Financial Statements Continued

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 31 December 2019 was as follows:

	Balance Sheet £'000	2019 Maximum exposure £'000	Balance Sheet £'000	2018 Maximum exposure £'000
Non-current assets				
Quoted preference shares and bonds at fair value through profit or loss	268,511	268,511	263,481	263,481
Current assets				
Corporation tax refund	93	93	–	–
Current taxation	3,385	3,385	2,302	2,302
Other debtors	56	56	46	46
Accrued income	11,246	11,246	12,171	12,171
Cash and short term deposits	30,040	30,040	7,627	7,627
	313,331	**313,331**	**285,627**	**285,627**

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 2019 and 31 December 2018:

	2019 £'000	2018 £'000
A3	30,680	24,114
Ba1	20,607	–
Ba2	29,036	29,662
Baa2	50,782	60,256
Ba3	12,951	11,557
Baa3	58,179	72,079
Non-rated	66,276	65,813
	268,511	**263,481**

At 31 December 2019 Moodys credit ratings agency did not provide a rating for Ecuador bonds, Indian bonds, Turkish bonds and Irredeemable preference shares (2018 – 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. 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 17 and 18.

Fair values of financial assets and financial liabilities. The fair value of borrowings has been calculated at £201,026,000 as at 31 December 2019 (2018 – £185,877,000) compared to a carrying amount in the financial statements of £199,704,000 (2018 – £184,676,000) (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 2019	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,433,062	–	–	1,433,062
Quoted preference shares	b)	–	7,677	–	7,677
Quoted bonds	b)	–	260,834	–	260,834
Total		**1,433,062**	**268,511**	**–**	**1,701,573**

As at 31 December 2018	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,321,685	–	–	1,321,685
Quoted preference shares	b)	–	6,721	–	6,721
Quoted bonds	b)	–	256,760	–	256,760
Total		**1,321,685**	**263,481**	**–**	**1,585,166**

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.

Notes to the Financial Statements Continued

20. **Capital management policies and procedures.** The investment objective of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide.

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**

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 58.

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

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.

Total return. Total return is considered to be an alternative performance measure. NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAV and share price of the Company on the dividend reinvestment dates during the years ended 31 December 2019 and 31 December 2018.

Year ended 31 December 2019	Dividend rate	NAV	Share price
31 December 2018	N/A	1,107.81p	1,132.00p
3 January 2019	11.50p	1,104.62p	1,120.00p
4 April 2019	17.00p	1,151.42p	1,172.00p
4 July 2019	12.00p	1,210.10p	1,172.00p
3 October 2019	12.00p	1,163.80p	1,150.00p
31 December 2019	N/A	1,190.00p	1,260.00p
Total return		**+12.4%**	**+16.5%**

Year ended 31 December 2018	Dividend rate	NAV	Share price
31 December 2017	N/A	1,251.41p	1,268.00p
4 January 2018	11.00p	1,260.30p	1,284.00p
5 April 2018	17.00p	1,142.88p	1,190.00p
5 July 2018	11.50p	1,122.32p	1,134.00p
4 October 2018	11.50p	1,140.61p	1,110.00p
31 December 2018	N/A	1,107.81p	1,132.00p
Total return		**–7.5%**	**–6.8%**

Dividend cover. Revenue return per share of 54.1p (31 December 2018 – 49.6p) divided by total dividends per share of 53.5p (31 December 2018 – 51.5p) expressed as a ratio.

Net gearing. Net gearing measures the total borrowings of £199,704,000 (31 December 2018 – £184,676,000) less cash and cash equivalents of £25,058,000 (31 December 2018 – £7,627,000) divided by shareholders' funds of £1,539,055,000 (31 December 2018 – £1,419,588,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to brokers at the year end of £4,982,000 (31 December 2018 – £nil) as well as cash and short term deposits of £30,040,000 (31 December 2018 – £7,627,000).

Premium to net asset value per Ordinary share. The difference between the share price of 1,260.00p (31 December 2018 – 1,132.00p) and the net asset value per Ordinary share of 1,190.00p (31 December 2018 – 1,107.81p) expressed as a percentage of the net asset value per Ordinary share.

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Alternative Performance Measures Continued

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

	2019	2018
Investment management fees (£'000)	7,130	8,315
Administrative expenses (£'000)	2,109	1,981
Less: non-recurring charges[A] (£'000)	(96)	(65)
Ongoing charges (£'000)	9,143	10,231
Average net assets (£'000)	1,499,807	1,475,433
Ongoing charges ratio	0.61%	0.69%

[A] Professional services comprising new director recruitment costs and legal fees considered unlikely to recur.

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.

Corporate Information

The Company's Manager is Aberdeen Asset Managers Limited, a subsidiary of Standard Life Aberdeen PLC, whose group companies as at 30 June 2019 had approximately £577 billion of assets under management and administration.

Information about the Manager

Aberdeen Asset Managers Limited

The Company's Manager is Aberdeen Asset Managers Limited, a subsidiary of Standard Life Aberdeen PLC, whose group companies as at 30 June 2019 had approximately £577 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 Aberdeen Standard Investments Global Equity Team

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. The Global Equity Team is responsible for the construction of global equity portfolios. Bruce Stout is a Senior Investment Director on the Global Equity team. 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 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 is an Investment Director on the Global Equity Team at Aberdeen Standard Investments. Samantha joined Aberdeen Asset Managers (or acquired companies) in 2001 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

Long term investment success demands a clear focus and a sound structure. The Manager has as its primary objective in managing Murray International Trust PLC the delivery of consistent outperformance against the benchmark based on the concept of seeking growth at a reasonable price. To achieve this, a disciplined investment process has been developed. However, to meet the different performance objectives mandated for specific funds, there is built-in flexibility. Key decisions are implemented consistently across all funds and portfolio risk limits are set and closely monitored. A continuous watch is kept over critical factors that influence investment decisions, so that when views change, action is taken swiftly and decisively to reposition portfolios.

Stock Selection

The investment management team, led by Bruce Stout, has responsibility for portfolio construction across all regional segments. Working closely with the relevant underlying desks in each case, portfolio construction is an interactive process. The Manager utilises a "global coverage list" which is a summation of all stocks under coverage by members of the Manager's specialist country and regional desks.

This list contains all buy, hold (and sell) recommendations for each desk, which are then used as the investment universe. If a stock no longer meets the criteria to be included on the coverage list, responsibility for coverage is either assumed by the investment management team or it is sold within 30 days. This process enables the Manager to better reflect top down themes that emerge from the global equity strategy and investment themes meetings that take place monthly.

Risk Controls

Integral to the investment process is regular provision, by a specialised team, of performance and risk analysis data to ensure that funds are operated within the terms of their mandate. As well as market price risk inherent in all portfolio investment, Murray International Trust is also exposed to risk from movements in foreign exchange rates and changes in interest rates. Market price risk is managed by strict adherence to parameters set for portfolio construction. The foreign exchange risk involved may be hedged by the use of forward currency contracts. Interest rate risk lies with the portfolio holdings of fixed income securities and on-call deposits. A detailed risk profile of the Company is given in note 18 to the financial statements.

Investor Information

Website

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

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 2019/2020 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

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

Aberdeen Standard Investment Plan for Children

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

Aberdeen Standard Investment Trust Share Plan

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

Stocks and Shares ISA

An investment of up to £20,000 can be made in the tax year 2019/2020. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can 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

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**).

Investor Information Continued

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 The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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 company.secretary@aberdeenstandard.com.

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

Literature Request Service

For literature and application forms for the Company and the Aberdeen Standard range of investment trust products, please telephone: 0808 500 4000.

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

Aberdeen Standard Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB

Telephone: 0808 500 00 40 (free from a UK landline)

Terms and conditions for the Aberdeen Standard 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: **invtrusts.co.uk/en/investmenttrusts/literature-library.**

Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest; Barclays Stockbrokers; Charles Stanley Direct; Halifax Share Dealing; Hargreave Hale; Idealing; Interactive Investor; Selftrade; The Share Centre; Stocktrade; Hargreaves Lansdown.

Discretionary Private Client Stockbrokers

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

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 or at **https://register.fca.org.uk/** or 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. Aberdeen 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 December 2019.

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 are 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 risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by 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 110) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2018 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 2019	1.25:1	1.25:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which 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 99 to 101 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 Standard Life Aberdeen PLC and acts as the Alternative Investment Fund Manager for the Company. ASFML is authorised and regulated by the Financial Conduct Authority.
Aberdeen Standard Investments	The investment arm of the Standard Life Aberdeen Group
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 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 The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or Tel: 0371 664 0300 (lines are open 9.00am-5.30pm 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.
Financial Conduct Authority or FCA	The FCA issues the Listing Rules and is responsible for the regulation of ASFML.
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 FCA's 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 of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.
PIDD	Pre-Investment Disclosure Document. Aberdeen 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	Subject to shareholder approval at the AGM in April 2020, the Board is proposing to abolish the current Benchmark and introduce a new Reference Index which will be the FTSE All World TR Index. The Board recognises that the Manager does not manage the portfolio by reference to any particular market index. Instead, the Manager is seeking to find suitable companies with good potential for future earnings growth to support the yield requirement whilst also offering potential for capital growth. Therefore it is unlikely that the Company's own performance will ever align with any comparative index that is adopted. However, it is useful and best practice in the market to provide shareholders with a comparator index in order to assess performance over the longer term.
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

This year's Annual General Meeting will be held in London on 24 April 2020 at 12.30 p.m. at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB. As at previous AGMs, there will be a presentation from the Manager and an opportunity to meet the Directors and Manager over lunch.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and twelfth Annual General Meeting of Murray International Trust PLC (registered in Scotland under company number SC006705) will be held at 12.30 p.m. on 24 April 2020 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 2019.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 December 2019 (other than the Directors' Remuneration Policy).
3. To approve the Directors' Remuneration Policy.
4. To re-elect Mrs A Mackesy* as a Director of the Company.
5. To re-elect Ms M Campbell* as a Director of the Company.
6. To re-elect Mr D Hardie* as a Director of the Company.
7. To re-elect Ms C Binyon* as a Director of the Company.
8. To re-elect Dr K J Carter* as a Director of the Company.
9. To appoint BDO LLP as auditor of the Company.
10. To authorise the Directors to fix the remuneration of the auditor.
11. THAT a final dividend of 17.5p per Ordinary share in respect of the year ended 31 December 2019 be paid on 15 May 2020 to holders of the Ordinary shares of 25p in the capital of the Company on the register at close of business on 3 April 2020.

Special Business

As special business to consider and, if thought fit, pass the following resolutions in the case of resolutions 12 and 15 as Ordinary Resolutions and in the case of resolutions 13 and 14 as Special Resolutions:

Authority to Allot

12. 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 £3,235,300 (representing 10% of the total Ordinary share capital of the Company in issue on 5 March 2020) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2021, 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

13. 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 12 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 2021, 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;
    (ii) up to an aggregate nominal amount of £3,235,300 (representing 10% of the total Ordinary share capital of the Company in issue on 5 March 2020); and
    (iii) in the circumstances detailed in the section headed "Issue of Shares" on page 53 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).

Notice of Annual General Meeting Continued

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 12' were omitted.

Authority to Make Market Purchases of Shares

14. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of 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 19,398,859 Ordinary shares or, if less, the number representing 14.99% of the respective class of shares in issue (excluding shares already 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 2021, whichever is earlier, unless such authority is previously revoked, varied or renewed prior to such time; and

    (vi) the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract or contracts notwithstanding such expiry above.

Amendment to Benchmark and Investment Objective

15. THAT the proposals to adopt a new performance reference index and amend the Investment Objective set out under the heading "Benchmark and Investment Objective" in the Chairman's Statement contained on page 8 of the Annual Report and Financial Statements dated 5 March 2020, a copy of which is produced to the meeting and initialled for the purposes of identification by the Chairman of the meeting, be and are hereby approved and adopted with immediate effect.

* The biographies of the Directors and reasons for re-election are detailed on pages 45 to 47 of this Annual Report.

1 George Street
Edinburgh
EH2 2LL
19 March 2020

By order of the Board
Aberdeen Asset Management PLC
Secretary

Notes:

(i) Only those shareholders registered in the register of members of the Company at close of business on 22 April 2020 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) Holders of Ordinary shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. If you wish to attend, there will be a members' register to sign on arrival.

(iii) As at 5 March 2020 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consisted of 129,412,003 Ordinary shares carrying one vote each on a poll. Therefore, the total voting rights in the Company as at 5 March 2020 are 129,412,003.

(iv) 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. 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. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the note to the Form of Proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to the 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.

(v) 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, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible, but in any event not later than 12.30 pm on 22 April 2020. If you have any queries relating to the completion of the Form of Proxy, please contact Link Asset Services on 0371 664 0300 (lines are open 9.00am to 5.30pm Mon-Fri). Link Asset Services 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 (xi) below).

(vi) 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 (v) above before the commencement of the meeting or adjourned meeting at which the proxy is used.

(vii) 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.

(viii) 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 (iv) to (vi) does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.

(ix) 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.

(x) 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.

(xi) 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

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Notice of Annual General Meeting Continued

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 pm on 22 April 2020. 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 pm on 22 April 2020.

(xii) The attendance at the Meeting of shareholders and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the Meeting.

(xiii) 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 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 and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

(xiv) 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.

(xv) 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.

(xvi) 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.

(xvii) Participants in the Aberdeen Share Plan, ISA are entitled to vote by completing the enclosed Letter of Direction and returning it to the Company's registrars.

(xviii) Given the emerging risks posed by the spread of Covid-19 and in accordance with the provisions of the Articles of Association, the Company may impose entry restrictions on certain persons wishing to attend the AGM. Such restrictions may include preventing attendance at the meeting in person of shareholders who have recently returned from jurisdictions considered to be high risk in line with relevant guidance or who may be exhibiting signs of possible infection. Other restrictions may be imposed as the chairman of the meeting may specify in order to ensure the safety of those attending the AGM

Shareholder Information

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

Annual General Meeting

The Annual General Meeting will be held on 24 April 2020 at 12.30 p.m. at The Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB.

Recent Ordinary Share Capital History

Year ended 31 December	Shares Issued Ordinary 25p	Share Buybacks Ordinary 25p	Shares in Issue Ordinary 25p
2011	7,966,775	n/a	111,131,628
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

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, www.murray-intl.co.uk/en/itmurrayinternational/literature or from the Company Secretary.

Corporate Information

Directors
K J Carter (Chairman)
P W Dunscombe
C Binyon
M Campbell
D Hardie
A Mackesy

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

e-mail: **company.secretary@aberdeenstandard.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

Manager
Aberdeen Asset Managers Limited
Customer Services Department: 0808 500 00 40 (free when dialling from a UK landline)

AIFM
Aberdeen Standard Fund Managers Limited

Broker
Stifel Nicolaus Europe Limited

Registrars
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

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
1 Canada Square
London E14 5AL

Auditor *(to 24 April 2020)*
Ernst & Young LLP ("EY")

Auditor *(subject to shareholder approval from 24 April 2020)*
BDO LLP

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

Legal Entity Identifier (LEI)
549300BP77JO5Y8LM5

FSC
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