Murray International Trust PLC

A globally diversified investment trust, investing for growth and income since 1907

Annual Report
31 December 2018

Glasgow's Finnieston Crane, a symbol of the city's industrial heritage.

Launched in 1907, Murray International Trust PLC is today a large, globally diversified investment trust whose roots can be traced to Glasgow's thriving industrial and shipbuilding-based economy that had reached boom proportions by the early years of the twentieth century.

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Visit our website

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

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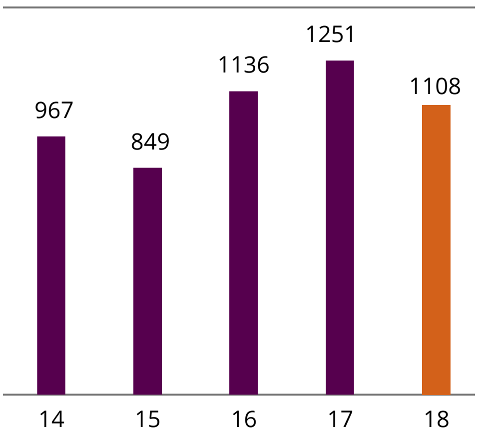
Financial Highlights For the year ended 31 December 2018

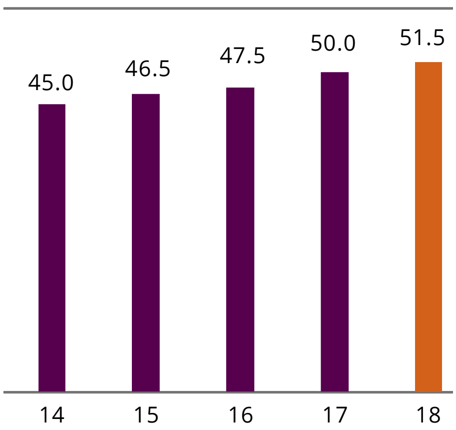
Measure – 2018	2018	2017
Net asset value total return[AB]	–7.5%	+14.7%
Share price total return[AB]	–6.8%	+11.0%
Benchmark total return[B]	–5.2%	+12.8%
Premium to net asset value[C]	2.2%	1.3%
Dividends per share[BD]	51.5p	50.0p
Net gearing[AC]	12.5%	10.7%
Revenue return per share[B]	49.6p	51.8p
Ongoing charges ratio[AB]	0.69%	0.64%

[A] Alternative Performance Measure (see pages 19, 77, 78, 84 and 85).
[B] For the year to 31 December.
[C] As at 31 December.
[D] Dividends declared for the year in which they were earned.

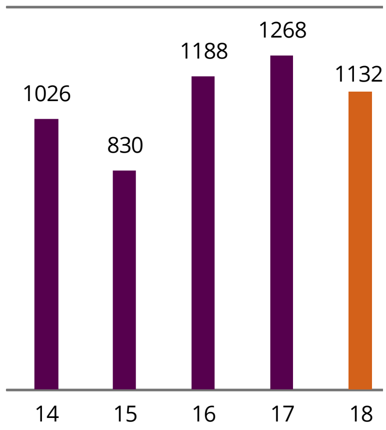
Net Asset Value per Share
At 31 December – pence



Dividends per Share
Year ended 31 December - pence



Mid-Market Price per Share
At 31 December – pence



Dividends

	Rate	Ex-dividend date	Record date	Payment date
1st interim	11.5p	5 July 2018	6 July 2018	17 August 2018
2nd interim	11.5p	4 October 2018	5 October 2018	19 November 2018
3rd interim	11.5p	3 January 2019	4 January 2019	19 February 2019
Proposed final	17.0p	4 April 2019	5 April 2019	17 May 2019
Total dividends	**51.5p**			

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.

Intel is one of the world's leading designers and manufacturers of microprocessors
Photo © Intel Corporation

Chairman's Statement

Kevin Carter
Chairman

Performance

Global equity markets experienced a difficult twelve months to 31 December 2018. Four rises in short term interest rates by the US Federal Reserve took their toll on equity markets, particularly affecting emerging market assets. In addition, negative geopolitical events, notably the progressively escalating trade war between the US and China, also served to weigh on market sentiment. Brexit related volatility presented constant challenges for both capital preservation and income accrual in a year that witnessed the largest equity market declines in a decade. Despite a diversified defensive strategy, protecting capital proved unsuccessful in a period of widespread weakness. Solid stock selection in Asia, North America and Europe positively impacted relative performance as did portfolio exposure to emerging market bonds.

The Company's net asset value ("NAV") posted a total return (ie with net income reinvested) of –7.5%, a disappointing performance in absolute terms and somewhat below the total return of –5.2% 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 –6.8% reflecting a slight increase in the level of premium to NAV.

The Manager's Review on page 8 gives further details of performance including an attribution analysis. What such statistics fail to illustrate is the magnitude of volatility experienced over the period. An opening six months of upward momentum accompanied by positive sentiment peaked in August, and then reversed into steep declines towards year end. For the Company's more income focused portfolio, relative performance, which struggled initially, held up strongly in the sell-off. In an otherwise unsatisfying period for total returns, this represented a small comfort.

Dividends and Dividend Policy

Three interim dividends of 11.5p per share (2017: three interims of 11.0p) have been declared during the year. Your Board is now recommending a final dividend of 17.0p (2017: 17.0p) which, subject to the approval of shareholders at the Annual General Meeting, will be paid on 17 May 2019 to shareholders on the register on 5 April 2019. If approved, the total Ordinary dividends for the year will amount to 51.5p, an increase of 3.0% from last year (2017: 50.0p). After accounting for the payment of the final dividend, there will be a small transfer of approximately £2.5 million from the Company's revenue reserves.

This small transfer from reserves is in line with the policy that I have advised shareholders of in previous years. The Board intends to maintain a progressive dividend policy given the Company's investment objective. This means that, in some years, revenue will be added to reserves, while, in others, 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.

Management of Premium and Discount

At the Annual General Meeting held in April 2018, 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 sold 357,665 shares from Treasury at a premium to NAV. The Board will be seeking approval from shareholders to renew both authorities in 2019. As in previous years, both new shares and shares from Treasury 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 0.3%. 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 over time. The Board intends to continue to buy back shares and issue new shares (or sell shares from Treasury) if shares trade at a persistent significant discount to NAV (excluding income) or premium to NAV (including income). 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 7 March 2019 the Company has sold a further 406,531 Ordinary shares from Treasury and issued 196,500 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 1125.7p and the share price was 1180.0p equating to a premium of 4.8% per Ordinary share.

Gearing

At the year end, total borrowings amounted to £185 million, representing net gearing (calculated by dividing the total assets less cash by shareholders' funds) of 12.5% (2017: 10.7%) all of which is drawn in Sterling. On 31 May 2018, the Company agreed a new £60 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 2.328%. The new facility was used to repay a maturing £60 million loan with RBSI. The Company also has a loan totalling £15 million with RBSI that is due to mature in May 2019. The Directors are in the process of reviewing options for the replacement of this facility.

Annual General Meeting

This year's Annual General Meeting will be held in Glasgow on 25 April 2019 at 12.30 p.m. at the Glasgow Royal Concert Hall, 2 Sauchiehall Street, Glasgow G2 3NY. As at previous AGMs, there will be a presentation from the Manager and an opportunity to meet the Directors and 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 returning it together with an indication of any particular questions. I hope to see as many shareholders as possible at the AGM in Glasgow.

Investment Policy and Benchmark

During the year, the Board undertook a review of the Manager's investment process. This exercise was conducted collaboratively and has enabled the Board to reaffirm the credibility of, and its satisfaction with, the investment process followed by the Manager. In addition, it demonstrated that the investment policy had been followed rigorously in both rising and falling markets and at times when the performance of the portfolio had varied significantly from the benchmark.

In conjunction with the review, we reconfirmed our present policy not to hedge the sterling translation risk of revenue arising from non-UK assets. As shareholders know, one implication of this is that movements in sterling will affect reported revenue, sometimes positively when sterling is generally weakening, and the opposite when it strengthens. In these circumstances, the Board is willing to use revenue reserves already earned with the intention of sustaining a progressive dividend policy.

In February 2019, the Financial Conduct Authority published its second set of rules following the Asset Management Market Study it began in 2015. A consequence of this is the need for fund managers to explain their use and adherence to benchmarks in the funds they manage. The Board and Manager will be giving due consideration together about any implications this holds for the Company during the year.

Directorate

Mr Jim Best retired from the Board at the conclusion of the AGM on 26 April 2018 and on 1 May 2018 we welcomed Ms Claire Binyon to the Board as an independent non executive Director, following the conclusion of a rigorous search conducted with the assistance of an independent external recruitment agency. Ms Binyon is a chartered accountant who, following an early career in corporate finance in the City, has embarked on a successful career working for global multinationals in the areas of corporate development, strategic planning and finance. Ms Binyon is currently group corporate development director at Fenner Group Holdings Limited, part of the Michelin group of companies, having previously served in similar roles at other multinational companies including DS Smith Plc, Cadbury plc and InBev S.A. Following the appointment of Ms Binyon, the Board consists of six Directors, three of whom are male and three of whom are female.

Led by Peter Dunscombe, the Senior Independent Director, the Board has carried out a review of the structure of the Board and, in particular, succession planning over the next few years. As a consequence, it has been decided that Peter should retire from the Board at the AGM in 2020, and that I will retire at the AGM in 2021. A process to recruit a new Director will be started later this year with the aim of an appointment being made at the AGM in 2020. David Hardie will become the Senior Independent Director in 2020.

During February the Association of Investment Companies (the "AIC"), of which the Company is a member, published its updated 2019 Corporate Governance Code which applies to all investment companies with financial years beginning on or after 1 January 2019. The Company will adopt the AIC Code and in so doing will thereby comply with the Financial Reporting Council's Code which applies to all companies.

The AIC Code includes a concession in regard to the tenure of the Chair in investment companies. Instead of a Chair being deemed non-independent after nine years on a board, the AIC Code requires investment companies to state a policy in regard to Chair tenure. The Company will develop such a policy during the present financial year. This concession is to be welcomed as a sensible change in the context of investment companies, and the AIC and FRC are to be complimented for agreeing on it.

Ongoing Charges Ratio

The Board remains focussed upon delivering value to shareholders and regularly reviews the ongoing charges ratio ("OCR"). The Board is pleased to report that it has negotiated a reduction in the level of the investment management fee payable to the Manager. The annual management fee will continue to be charged on net assets (ie excluding borrowings for investment purposes), averaged over the six previous quarters ("Net Assets"), but it will now be based upon an amended tiering structure. 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. This reduction in the level of management fee will, all other things being equal, flow through to a reduction in the OCR in future years.

Outlook

Rarely, if ever, has the combination of rising interest rates, increasing protectionism, deteriorating asset quality and constricting liquidity been conducive to sustainable positive equity market performance. Since 2015, the US Federal Reserve has raised interest rates nine times. The cumulative effect of these rises finally took its toll on global equity markets in 2018. The question now is whether the very real possibility of growth stalling and profits declining will weigh further on markets in 2019. The market repricing of late 2018 is unlikely to be the end of this corrective phase.

Consequently, from a portfolio management perspective, great caution needs to be exercised. The implications of the protracted period of growth for the global economy subsiding, combined with concerns about geo-political tensions such as persistent protectionism, present difficult challenges for company profits. There is no reliable precedent with which to predict how markets will behave while many large economies adjust to high indebtedness concurrently with central bank withdrawal of liquidity. The Manager's investment preference will continue to favour quality companies with sustainable business models in regions of the world where growth and opportunity still prevail. As such our portfolio will focus on global diversification in pursuit of the Company's long term investment objectives.

Kevin Carter
Chairman
7 March 2019

Manager's Review

Background

Excessive emotion is the enduring enemy of efficient capital investment. Neither unbridled optimism nor melancholic pessimism are synonymous with sound judgement. When rational expectations succumb to such extremes imprudent practice inevitably prevails. The shameful historical repetition of financial market manias, panics and crashes suggest some fundamental human fallibility constantly reoccurs when market sentiment becomes hypnotic. While grief and elation resemble fingerprints, unique and highly personal, the DNA of investors' mood manifestations is undoubtedly rooted in crowd behaviour. Amplified by avarice and exaggerated by angst, the collective emotional bias induces self-perpetuating volatility and distended distortion. Such toxic symptoms of mass expression dominated the financial landscape over the period.

Calendar year 2018 witnessed the worst performance from global equities in a decade, providing a stern test of portfolio conviction and investment process. Ironically, prevailing economic fundamentals closely matched expectations over the twelve months. The narrative from central banks and policymakers preached prudence and restraint, yet in practice policy options were limited. Sharply rising debt servicing costs across the developed world reflected rising concerns over deteriorating credit quality. Interest rates moved higher in the United States as predicted, but elsewhere punitive debt obligations condemned numerous central banks to uncomfortable inactivity. Acutely aware of the current business cycles' increasing fragility, all thoughts of restoring normal savings rates were shelved. Insipid and uninspiring economic growth in the UK, Europe and Japan presented serious challenges for governments desperate to maintain an illusion of prosperity. Constrained by diminishing credit availability and devoid of tax and spending directives, the authorities could only watch as global growth decelerated to its lowest level in ten years.

Souring US-Chinese trade relations further compounded diminishing economic growth prospects, periodically threatening to inflict collateral damage on numerous global trade alliances. Heightened tensions permeated into currency weakness for numerous emerging economies, provoking higher than necessary interest rates and consequently lower than expected growth. Numerous countries in Latin America and Asia suffered accordingly as contagion spread. Quite simply, protectionism proved universally negative for all concerned. Few topics ever unite economists, but the destructive impact of trade protectionism is unequivocally one that does. Throughout 2018, the escalation of trade hostilities once again emphasised the futility of such action. Serving neither the interests of producers nor consumers, protectionism and the fracturing of foreign policy relationships that accompany it arguably represented the single largest threat to global cohesion and economic prosperity. Towards year end consequential reverberations shattered market complacency as fear and doubt ravaged investor sentiment. The resultant declines in capital values bore testament to that.

The term 'rollercoaster' barely does justice to the path of financial markets over the period. First quarter weakness reversed into second quarter strength which in turn evolved into third quarter euphoria before a year end rout. A modest 5.2% calendar year Benchmark index decline in Sterling terms masked general asset price weakness and volatility. Stagnation surrounding Brexit and indifference towards Europe depressed returns from both the UK and European equity markets. Over 9.0% declines in each reflected increasing investor apathy and emphasised how problematic the delivery of decent corporate profits in slow growth economies has become. Low absolute exposure to both proved beneficial, although specific weakness in UK holdings negated superior defensive stock selection in Europe.

Global technology stocks, around which sentiment oscillated the most, endured a torrid twelve months. Significant capital was made and lost but, with only minimal portfolio exposure due to income constraints, unwelcome turbulence was largely limited to fluctuating relative performance. The same cannot be said of tobacco stocks which featured prominently in negative performance attribution. Out of favour despite supportive yields and cash flows, the sector failed to deliver defensive support. Patience will be required until sentiment improves. Larger absolute portfolio weightings in Asia, Latin America and North America generally preserved capital with the exception of Chile and Mexico where relative stock weakness following two years of exceptionally strong performance restrained returns. Positive gains from Asian equities in a region that witnessed an index decline of 6.8% were most welcome.

The portfolio's emerging market bond portfolio was constantly buffeted by currency concerns and unfavourable income translation rates but, in context the overall 2.4% decline in Sterling terms, was respectable relative to global equity market performance. Current fixed income exposure continues to offer additional desired diversification at attractive valuations and will likely be maintained around existing levels.

Performance

The NAV total return for the year to 31 December 2018 with net dividends reinvested was -7.5% compared with a return on benchmark of -5.2%. The top five and bottom stock contributors are detailed below:

Top Five Stock Contributors	%*	Bottom Five Stock Contributors	%*
CME Group	0.8	British American Tobacco	-1.4
Public Bank	0.4	Quimica Y Minera	-1.2
Verizon	0.4	Philip Morris	-0.9
Tesco Lotus Retail	0.3	Daito Trust	-0.9
Banco Bradesco	0.3	Unilever Indonesia	-0.6

* % relates to the percentage contribution to gross NAV return

Attribution Analysis

The attribution analysis below details the various influences on portfolio performance. In summary, of the 110 basis points (before expenses) of performance below the benchmark, asset allocation detracted 90 basis points and stock selection a further 20 basis points. Structural effects, relating to the fixed income portfolio and gearing net of borrowing costs, detracted a further 10 basis points of relative performance.

	Company		Benchmark		Contribution from:		
					Asset	Stock	
	Weight	Return	Weight	Return	Allocation	Selection	Total
	%	%	%	%	%	%	%
UK	12.2	–20.2	40.0	–9.2	1.0	–1.7	–0.7
Europe ex UK	12.4	–3.5	9.7	–9.4	0.3	0.3	0.7
North America	19.3	2.3	37.9	0.8	–1.6	0.7	–1.0
Japan	4.6	–23.8	5.7	–7.7	0.0	–0.9	–0.8
Asia Pacific ex Japan	31.9	1.4	5.2	–6.8	0.4	1.8	2.1
Other International	19.6	–11.7	1.5	–7.1	–0.9	–0.4	–1.3
Gross equity portfolio return	100.0	–6.3	100.0	–5.2	–0.9	–0.2	–1.1
FX Instruments, fixed interest, cash and gearing effect		–0.1					
Net portfolio return		–6.4					
Management fees and administrative expenses		–0.6					
Tax charge		–0.5					
Total Return		**–7.5**		**–5.2**			

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.
Source: Aberdeen Standard Fund Managers Limited & BNP Paribas Securities Services Limited. Figures may appear not to add up due to rounding.

North America

Obsessed with externalising domestic policy failures, the orchestration of global trade conflict invariably originated from the White House. Infectious insularity resonated to the tune of "America First". Bolstered by one off tax revisions and aggressive fiscal stimulus, the over-extended US business cycle was kept alive. Accelerating economic growth during the summer was championed by financial markets at the time as clear evidence of America's independent resilience. Eternal optimists crowed of continuous non-cyclical, non-inflationary growth with corresponding corporate profits to match. The technology heavy NASDAQ index soared to record highs by late August as the acolytes of perpetual asymmetrical appreciation paid up for perceived growth at any price. Then reality began to set in. By year end, as greed turned to fear, the NASDAQ index had plunged 25%.

As so often the case with capital destruction, sharp changes in perception relative to reality provided the catalyst. Excessive sentiment reversal simply amplified the outcome. The epiphany, when it arrived, shocked all yet should have surprised no-one. Rising recession risks associated with tighter monetary policy and restrictive trade tariffs, a pernicious pairing for over-extended equities to digest, had prevailed throughout yet suddenly became noticed as entropy ensued. In local currency terms all American equity indices declined. The 0.8% rise in Sterling terms over the period for the North American index was purely down to Sterling weakness. Hardest hit sectors included technology, financials, consumer staples and industrials, a widely diversified range which compounded the difficulties of preserving capital. The defensive orientation of North American exposure was severely tested.

With the exception of **Philip Morris**, which experienced a tough operating environment over the period, portfolio exposure performed well. The strongest performance came from **CME Group**, one of the world's most profitable operators of stock, derivatives and commodity exchanges, but communication giants **Verizon** and **Telus** plus technology innovator **Intel** also added significant contributions to absolute and relative performance. Late in the year a new position was established in **Schlumberger**, the world's largest and leading oil services provider. Following an extremely frugal five years for the sector, both maintenance and logistical capital expenditures look poised to recover.

The propensity for parsimonious pay-out ratios still prevails within corporate America, thereby limiting potential investment opportunities for the Trust's dividend growth-focused portfolio. Selective exposure will be maintained but more attractive opportunities are deemed to exist elsewhere.

UK

Battered, bruised and beleaguered, the UK economy limped through 2018 essentially paralysed by Brexit uncertainty. Hostage to relentless political wrangling, British industry had neither clarity nor confidence to invest for the future. The Bank of England response to evolving events merely emphasised the institution's current impotence. Attempts to inspire confidence fell on deaf ears each time Governor Carney pronounced "the Central Bank was ready for whatever path the economy takes". Judging by recent evidence, that path looks increasingly destined for the wilderness. For British manufacturers, exporters, service industries, retailers, consumers and everything in-between, Brexit became the single largest constraint on spending and investment (out-with war or recession) ever imposed upon the economy. Long term structural damage and the demise of international confidence are consequences likely to impair national prosperity for years to come.

For equity investment such a backdrop proved problematic. What meagre growth emerged depended solely on credit and savings, but an already exhausted debt-ridden consumer cannot extend borrowings indefinitely. Investors need to be wary of deteriorating credit quality in domestic banks, margin pressure on high street retailers and fragile demand for discretionary products. High double digit declines within the FTSE All Share of each sector emphasises exactly this. Periodically UK stock selection became akin to treading on eggshells as macro-economic malaise materialised in each and every trading statement.

Despite historically low portfolio exposure and emphasis on companies skewed to overseas earnings, UK equity investment proved extremely disappointing. Only **BHP Group** (formerly **BHP Billiton**) and **Royal Dutch Shell** delivered above market returns despite neither conforming to typecast of typical defensive businesses. For **BAT**, **Weir Group** and **Vodafone** it was a year to forget and move on. For such internationally focused companies self-help and operational improvements offer prospects for salvation, but what of domestic UK Plc?

It would be futile to attempt rational analysis of an economy and corporate landscape in which intangibles reign supreme. Only when the UK/European issue is done and dusted can the damage be truly assessed. The much vaunted normalisation of UK interest rates remains as elusive as ever yet in truth no-one knows what normal interest rates might be for a chronically indebted foreign-capital dependent economy like the UK. In the meantime hard earned savings are eaten away by inflation, real incomes decline, the corporate sector remains suspended in a vacuum and Britain's long term viability and reputation as a place to do business diminishes. From a global perspective the argument to invest has seldom been so uncompelling.

Europe

Escalating protectionist paranoia stoked the fires of populist rhetoric throughout Europe in 2018. Germany's gigantic trade surplus fell under the spotlight of America's injustice inspectorate, with the European Central Bank standing accused of manipulating the euro lower through a zero interest rate policy in pursuit of German export competitiveness. Simplistic in the extreme, such primitive logic ignored the more likely possibility – German export success based on high-quality innovative products desired the world over. Unfortunately, rational reasoning succumbed to irrational response as Europe struggled to contain increasingly fragmented interests. Less affected by trade tariffs, Italy demanded greater fiscal autonomy to alleviate domestic austerity. Rome's deepening conflict with Brussels caused periodic chaos for Italian bonds and corporate credit markets. France fretted over decaying trade relationships but fixing endemic unemployment remained the key challenge for increasingly populist politicians. In the event little progress was made. Of most concern, growth in Germany slowed and political pressure intensified. Dragged down by auto sector weakness towards year end, Germany's economy contracted and Europe held its breath.

Whilst conflict and confrontation became constant companions of European politics, financial markets remained ill prepared and unforgiving of such perceived petulance. Negative returns across the continent reflected this and more. In anticipation of emerging bad debt problems and constant downward pressure on corporate profitability, European portfolio exposure had been systematically reduced in recent years. In such a challenging, deflationary environment it is difficult to make money.

During the period, net exposure rose slightly due to establishing a new position in **Bank Pekao** in Poland. Strongly capitalised with nationwide presence, the bank is well positioned for growth in one of Europe's fastest growing economies. Large holdings in Swiss pharmaceutical companies **Roche** and **Novartis** performed well delivering solid earnings and dividend growth. Exposure to Swedish industrials was increased through investment in **Epiroc** and **Atlas Copco**, both quality international focused companies where weak stock price performance seemed excessive relative to fundamentals. Divestment centred around French exposure where diminishing growth prospects raised genuine concerns. As of year end, **Total**, the integrated energy giant, was the sole French portfolio holding. Current levels of low exposure to the region are likely to be maintained.

Latin America

Intense political passion coursed through the veins of Latin American financial markets in a year dominated by congressional change. Presidential elections in both Mexico and Brazil ensured emotions were kept at boiling point throughout. The ever present risk of trade disruption between Mexico and the United States depressed confidence and private investment intentions south of the Rio Grande. Against a backdrop of subdued growth and external criticism, Andres Manuel Lopez Obrador successfully campaigned on a centre-left populist agenda which ultimately installed him as Mexico's 58th President in October. Domestic financial markets monitored evolving events closely but generally reserved judgement.

A 6% appreciation of the Mexican Peso against Sterling over the period proved beneficial for domestic bond holdings. Having fully divested of Coca Cola distributor **Femsa** following a long period of strong capital performance but disappointing dividend growth, residual Mexican equity exposure centred on airport operator **Grupo Asur** and consumer products distributor **Kimberly Clark De Mexico**. Although operationally both companies remained solidly competitive, weakness in stock price total returns essentially reflected fragile market sentiment. Improving prospects warrant additional investment and instil future confidence.

Brazil's newly elected President Jair Bolsonaro emerged from the opposite end of the political spectrum. Elected on promises to eradicate corruption, stabilise public debt, reinvigorate pension reform, improve productivity and shrink State intervention, if such stated intentions appeared familiar it is because they are. Just about every Brazilian President over the past thirty years, whether from the Left, Right or Centre, has promised to deliver this mandate. With interest rates accommodative and growth poised to accelerate, tail winds exist to ease these challenges. Whether the ex-military general displays enough political and executive skill to deliver, only time will tell. Domestic financial markets, long-suffering from relatively recent Presidential impeachment and corporate embarrassments, unequivocally welcomed the change.

Despite a 10% relative decline in the Real, Brazilian equities delivered positive returns even in Sterling terms. Against the prevailing global backdrop this was both remarkable and welcome. Significant bond and equity portfolio exposure contributed solid absolute returns and enhanced accrued income. Dominant financial services provider **Banco Bradesco** benefited from favourable interest rates and improving loan demand, whilst logistics company **Wilson Sons** confirmed its strategic position in container transportation. Such evolving corporate and economic progress proved both encouraging and welcome. Post review period, recovering national confidence was dealt a severe blow from the recent mining-dam collapse and tragic loss of life at **Vale**'s iron-ore operations in Minas Gerais. The time will come to investigate causes and quantify long-term effects, but for now the harrowing and heartbreaking consequences must be addressed and comforted.

The negative portfolio impact of Chilean lithium producer **Quimica y Minera** must be considered within a long term context. Over the next five years, constant capital investment is scheduled to quadruple production of the company's precious commodity used in battery manufacture. Smoothing capacity additions to sustain product pricing will be key, but significant value exists on successful execution of strategy. Patience and portfolio exposure will be maintained.

Japan and Asia

With almost one third of total gross assets invested in Asian equities, the portfolio's zero exposure to mainland China often attracts comment. Unequivocally accepted as the world's most influential emerging market, it is reasonable to ask why. The answer is relatively straightforward. Significant market presence of low-yielding technology stocks coupled with similar dividend agnostic financials and consumer discretionary businesses present severe impediments for income focused investors. Capital growth reigns supreme in Chinese investment convention, but unfortunately stock prices do not always go up. Hostage to America's obsessively hostile posturing on trade protectionism and wrestling with problematic domestic credit issues, the 22% decline in Sterling terms of the Shanghai Composite represented the steepest fall of all major markets. Having zero direct exposure certainly did no harm. How China calibrates policy responses to external and internal difficulties as its economy inevitably decelerates must be viewed from the perspective of a multi-year adjustment process. Ultimately the authorities are likely to achieve their desired aims, but expect numerous bumps along the way.

Asian portfolio performance was generally positive. **Public Bank** in Malaysia, **Tesco Lotus Retail** in Thailand and New Zealand airport operator **Auckland Airport** all delivered dividend growth and positive double digit absolute returns. Hong Kong exposure to industrial conglomerate **Swire Pacific** and transportation operator **MTR** combined to deliver positive total returns as did significant Taiwanese portfolio exposure to **Taiwan Semiconductor** and **Taiwan Mobile**. Whilst stock selection in Japan and Indonesia was weak, previous consecutive years of strength accounted for some inevitability of this temporary pull-back. Towards year-end a new position in **Samsung Electronics** was established. This leading global manufacturer of consumer and industrial electronics had suffered significant stock price weakness from trade protectionism concerns and fears over slowing semiconductor orders. With neither adjudged to materially impair positive long-term fundamentals, investment was initiated.

Irrefutable evidence depicts prevailing trade uncertainties and periodic related currency weakness condemned Asian central banks to keep monetary policy tighter than fundamental inflation dynamics required in 2018. Should such pressure abate the scope for future interest rate declines is significant, strongly supportive of a positive long term investment stance.

Summary of Investment Changes During the Year

	Valuation 31 December 2018 £'000	%	Appreciation/ (depreciation) £'000	Transactions £'000	Valuation 31 December 2017 £'000	%
Equities						
United Kingdom	161,681	10.1	(56,455)	3,856	214,280	12.0
North America	255,600	15.9	(13,680)	13,064	256,216	14.4
Europe ex UK	164,493	10.3	1,651	(5,516)	168,358	9.4
Japan	60,367	3.8	(21,019)	5,621	75,765	4.3
Asia Pacific ex Japan	420,862	26.2	(31,736)	22,168	430,430	24.1
Latin America	248,970	15.5	(54,297)	(12,264)	315,531	17.7
Africa	9,712	0.6	(5,856)	(2,358)	17,926	1.0
	1,321,685	82.4	(181,392)	24,571	1,478,506	82.9
Preference shares						
United Kingdom	6,721	0.4	(1,931)	–	8,652	0.5
	6,721	0.4	(1,931)	–	8,652	0.5
Fixed income						
Europe ex UK	16,169	1.0	(9,912)	182	25,899	1.4
Asia Pacific ex Japan	85,595	5.3	(6,116)	10,261	81,450	4.6
Latin America	137,057	8.6	(9,233)	713	145,577	8.2
Africa	17,939	1.1	(1,961)	85	19,815	1.1
	256,760	16.0	(27,222)	11,241	272,741	15.3
Other net assets	19,098	1.2	(4,867)	–	23,965	1.3
Total assets[A]	**1,604,264**	**100.0**	**(215,412)**	**35,812**	**1,783,864**	**100.0**

[A] See definition on page 85.

Outlook

Few subjects have such inherent capacity to evoke emotion as investing money. Across the spectrum from amateur enthusiast to professional investor, return on capital, or lack of it, constantly exercises the mind. Providing rational logic prevails, surpluses and deficits can be managed and excesses of both contained. Yet periodically such prescribed sanity is sacrificed at the altar of irrational excess. Chaotic consequences invariably ensue. For some considerable time now converging crowd-like investment behaviour has propelled favoured sectors and markets to valuations beyond boundaries of realistic expectations or sustainable business-cycle influence. The charm of following consensus has rarely been so unfounded and unappealing.

Maintaining conviction and dispassionate confidence remains essential in successfully negotiating the current fragile investment climate. Such autonomous thought, engrained in the Trust's long-term philosophy, consistently embraces such challenge.

An unfamiliar economic landscape of chronic over-indebtedness, insolvent sovereign balance sheets, extinct policy options, structured income inequalities and unpredictable disruptive industries dominate the developed world outlook. Presumptions that the further backward you can look the further forward you can see also appear increasingly redundant against this backdrop. Yet beyond the economic ambiguity of what outcomes ultimately evolve, some common constants prevail. Business cycles come and go, interest rates go up and down and pursuit of investment returns continues regardless. To this end, our investment strategy will remain disciplined, focused and geographically diversified. Balance sheet strength and quality will be emphasised as will exposure to genuine growth opportunities. Over and above, as market emotions invariably ebb and flow, resolute realism will be rigorously applied.

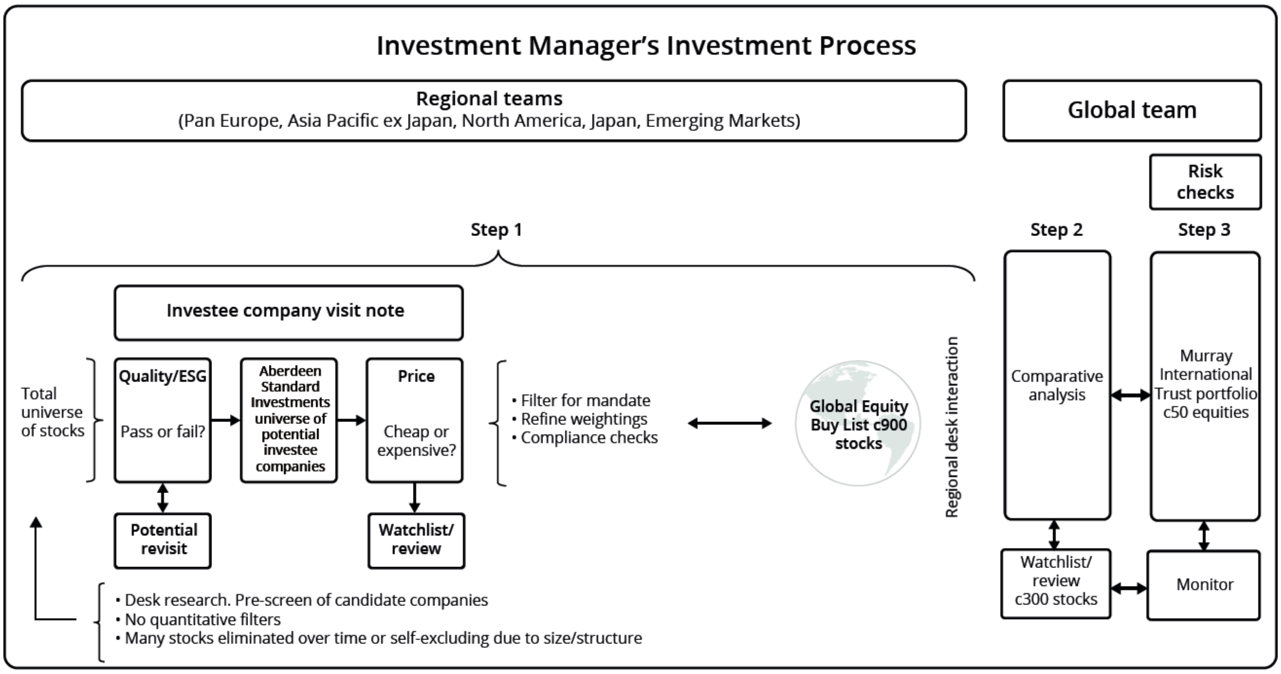
Bruce Stout
Senior Investment Director
Aberdeen Asset Managers Limited
7 March 2019

The Manager's Investment Process and ESG Engagement

The Manager's Investment Process

The Manager operates a common risk system with tools that provide better insights for its 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 the Manager's equity investment process is provided below.



Environmental, Social and Governance ("ESG") Investing across all Geographies

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 research of each asset class as part of the investment process.

The primary goal is to generate the best long-term outcomes for the Trust 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. Furthermore the Manager engages, manages and votes for either insight or influence. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better client outcomes.

Overview of Strategy

The mechanics of how the Company operates are set out below and on the following five pages.

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.

The Company's investment policy and financial highlights are shown on pages 14 and 2.

A review of the Company's activities is given in the Chairman's Statement on pages 4 to 6 and the Manager's Review on pages 7 to 13.

The Chairman's Statement and Manager's Review include an analysis of the business of the Company and its principal activities, likely future developments of the business, the recommended dividend and details of any transactions in its own securities by the Company.

Business Model

The Manager has its own investment process, which, in the case of the Company, is overseen by the Board.

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 (see page 14)

↓

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 13 and portfolio listing on page 22)
2. Reviewing the performance of the Manager against the Benchmark, Key Performance Indicators (KPIs) and other comparators (see page 19)
3. Using borrowings where expected benefits outweigh the costs and risks (see gearing disclosures on page 14)
4. Monitoring share price premium and discount, share issuance and buybacks (see Chairman's Statement on page 4)
5. Determining dividend policy and the level of revenue reserves (see Chairman's Statement on page 4)
6. Ongoing monitoring of risks including key man, cyber and information security, safekeeping of assets (see risk disclosures on page 16)
7. Appointing and monitoring of other service providers - depositary, registrar, auditor, broker (see page 16)
8. Reviewing the Ongoing Charges Ratio (see Chairman's Statement on Page 6)
9. Ensuring compliance with governance and regulatory requirements (see page 34)
10. Overseeing the Company's promotional programme and investor relations activities conducted by the Manager (see page 18)

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).

Gearing

The Board considers that returns to shareholders can be enhanced by the judicious use of borrowing. The Board is responsible for the level of gearing in the Company and reviews the position on a regular basis. Any borrowing, except for short-term liquidity purposes, is used for investment purposes or to fund the purchase of the Company's own shares. Total gearing will not in normal circumstances exceed 30% of net assets with cash deposits netted against the level of borrowings. At the year end, there was net gearing of 12.5% (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.

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. As can be seen from the Investment Process diagram on page 13, the management team utilises a "Global Equity Buy 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 16 and 17. A comprehensive analysis of the Company's portfolio is disclosed on pages 22 to 27 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 8.

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 50 equity and 28 bond holdings. The Manager is authorised by the Board to hold between 45 and 150 holdings in the portfolio.

Management

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".

Website

murray-intl.co.uk

Benchmark

The Company's Benchmark is 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 13, it is likely that the Company's investment performance will diverge from this Benchmark.

Overview of Strategy 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 85 for definition) identified by the Board in relation to the Company which are considered at each Board meeting are as follows:

KPI	Description
Performance	**Absolute Performance:** The Board considers the Company's NAV total return figures to be the best indicators of performance over time and these are therefore the main indicators of performance used by the Board. **Relative Performance:** The Board also measures performance against the Benchmark and performance relative to competitor investment trusts 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 on a total return basis over time A graph showing absolute, relative and share price performance is shown on page 20.
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 20.
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 19 together with a graph showing dividend growth against CPI and RPI on page 20.
Gearing	The Board's aim is to ensure that gearing is kept within the Board's guidelines issued to the Manager.

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. The Board has undertaken 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. Those principal risks are disclosed in the table on page 17 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 factsheet or they can be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are available on the Company's website. Significant matters relating to the work of the Audit Committee are discussed in the Report of the Audit Committee on pages 43 and 44 and further detail on financial risks and risk management is disclosed in note 17 to the financial statements. In addition to these risks, the outcome and potential impact of the UK Government's Brexit discussions with the European Union are still unclear at the time of writing, and the potential for significant resultant currency volatility remains an economic risk for the Company in the meantime. 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.

The Board regularly reviews the risks and uncertainties faced by the Company in the form of a risk matrix and a summary of the principal risks is set out below.

Description	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 and holds an annual strategy meeting where the Board reviews updates from the Manager, 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 83).
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 17 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 36 to 38.

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 16 and 17;

- 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 £185 million loan facilities which mature between May 2019 and May 2023.

As an investment trust, investing in a global equity portfolio, the Company's portfolio is unlikely to be adversely impacted as a direct result of Brexit although there may be significant currency volatility combined with potential issues surrounding the certainty and/or timing of withholding tax repayments.

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 2018, 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 39.

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.

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 39.

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.

Kevin Carter
Chairman
7 March 2019

Results

	31 December 2018	31 December 2017	% change
Total assets less current liabilities (before deducting prior charges)	£1,604.3m	£1,783.9m	–10.1
Equity shareholders' funds (Net Assets)	£1,419.6m	£1,599.1m	–11.2
Market capitalisation	£1,450.6m	£1,620.3m	–10.5
Share price – Ordinary share (mid market)	1,132.0p	1,268.0p	–10.7
Net Asset Value per Ordinary share	1,107.8p	1,251.4p	–11.5
Premium to Net Asset Value on Ordinary shares	2.2%	1.3%	
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net gearing[A]	12.5%	10.7%	
Dividends and earnings per Ordinary share			
Revenue return per share	49.6p	51.8p	–4.2
Dividends per share[B]	51.5p	50.0p	+3.0
Dividend cover (including proposed final dividend)[C]	0.96	1.04	
Revenue reserves[D]	£73.6m	£75.3m	
Operating costs			
Ongoing charges ratio[E]	0.69%	0.64%	

[A] Considered to be an Alternative Performance Measure as defined on pages 77, 84 and 85.
[B] The figure for dividends per share reflects the years to which their declaration relates (see note 8 on pages 63 and 64) and assuming approval of the final dividend of 17.0p (2017 – 17.0p).
[C] Considered to be an Alternative Performance Measure. As defined on page 77.
[D] The revenue reserve figure does not take account of the third interim and final dividends amounting to £14,737,000 and £21,887,000 respectively (2017 – £14,056,000 and £21,729,000).
[E] Considered to be an Alternative Performance Measure. Further details can be found on pages 77, 78, 84 and 85.

Performance (Total Return)

	1 year % return	3 year % return	5 year % return	10 year % return
Share price[AB]	–6.8	+55.8	+34.3	+189.8
Net asset value per Ordinary share[A]	–7.5	+48.8	+41.3	+169.8
Benchmark	–5.2	+34.4	+48.2	+169.0

[A] Considered to be an Alternative Performance Measure (see pages 77, 84 and 85 for more details).
[B] Mid to mid.
Source: Aberdeen Standard Investments, Morningstar & Lipper

Ten Year Financial Record

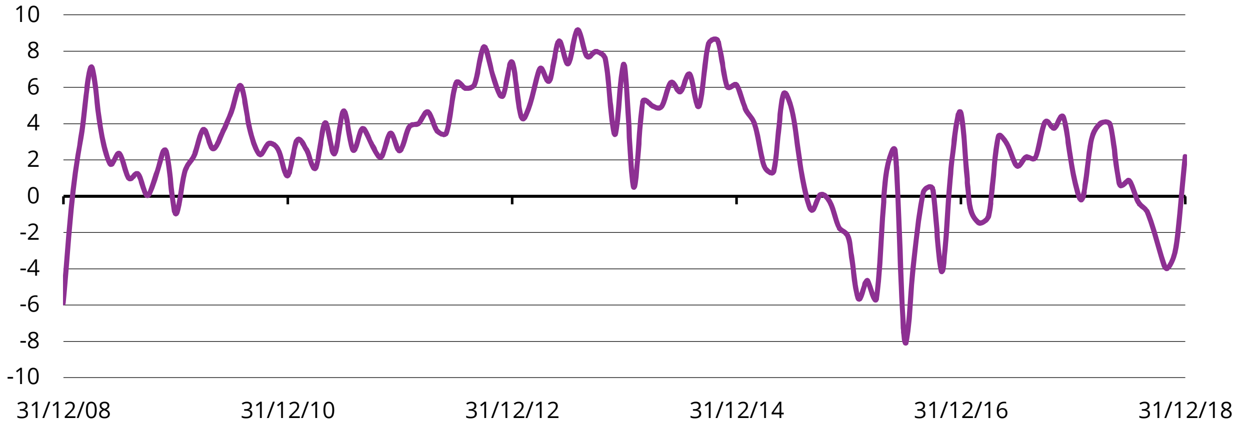
Year end	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total revenue (£'000)	36,571	46,607	55,128	55,141	63,717	62,609	67,020	77,333	79,471	77,105
Per Ordinary share (p)										
Net revenue return[A]	29.2	38.2	43.6	39.8	43.8	40.8	45.7	51.2	51.8	49.6
Dividends[B]	27.0	34.5	37.0	40.5	43.0	45.0	46.5	47.5	50.0	51.5
Net asset value	772.9	930.5	892.2	975.8	981.0	966.6	849.0	1,135.7	1,251.4	1,107.8
Shareholders' funds (£'000)	741,813	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

[A] Net revenue return per Ordinary share has been based on the average Ordinary share capital during each year (see note 9 on page 64).
[B] The figure for dividends per share reflects the years to which their declaration relates and not the years they were paid.

Performance

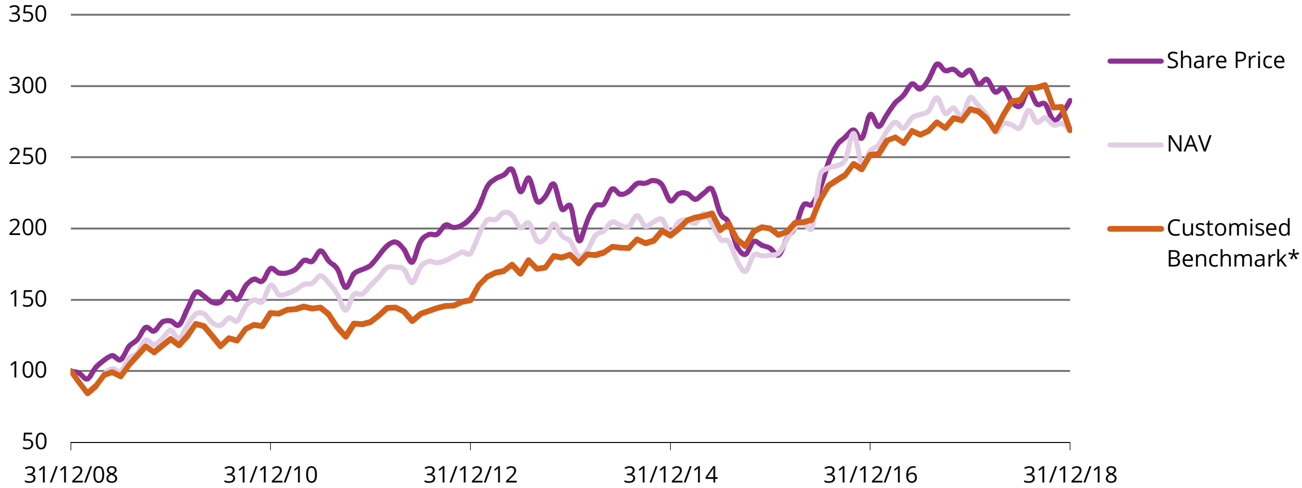
Share Price (Discount)/Premium to NAV (%)

Ten years to 31 December 2018



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

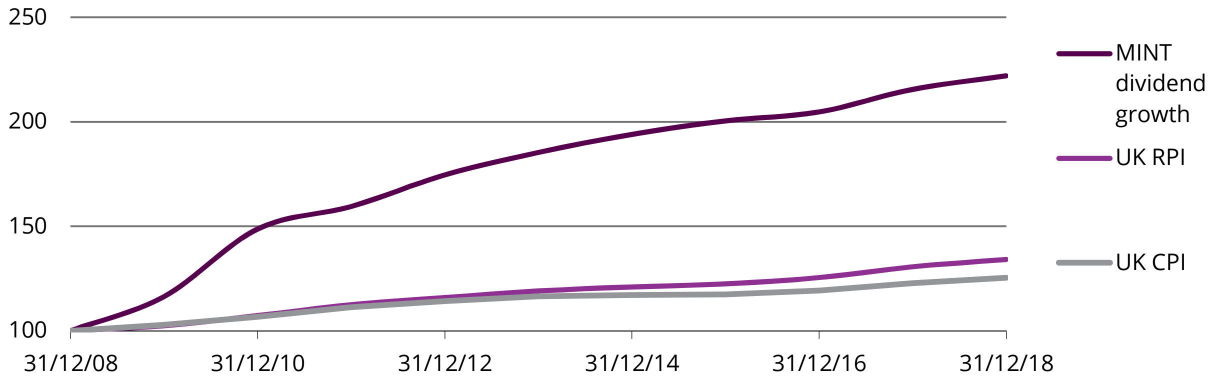
Ten years to 31 December 2018



*The Company's benchmark is a composite index comprising 40% of the FTSE World UK Index and 60% of the FTSE World ex-UK Index

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

Ten years to 31 December 2018



Portfolio

The Company maintains a diversified portfolio of investments. At the year end, the Company's portfolio consisted of 50 equity and 28 bond holdings. The Manager is authorised by the Board to hold between 45 and 150 investments in the portfolio.

Swiss based Roche AG is multinational pharmaceutical and diagnostics giant
Photo © F. Hoffmann-La Roche Ltd

Twenty Largest Investments

As at 31 December 2018

Company	Country	Valuation 2018 £'000	Total assets[A] %	Valuation 2017[B] £'000
1 (1) Taiwan Semiconductor Manufacturing Taiwan Semiconductor Manufacturing is one of the largest integrated circuit manufacturers in the world. The company is involved in component design, wafer manufacturing, assembly, testing and mass production of integrated circuits which are used in the computer, communication and electronics industries.	Taiwan	68,971	4.3	85,329
2 (3) 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 such as Cancun and Cozumel, plus cities such as Oaxaca, Veracruz and Merida.	Mexico	65,021	4.1	74,107
3 (8) 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.	Taiwan	54,155	3.4	53,160
4 (2) Sociedad Quimica Y Minera De Chile Quimica Y Minera produces and markets specialist fertilizers including potassium nitrate, sodium nitrate and potassium sulfate for the agricultural industry. The company also produces industrial chemicals, iodine and lithium.	Chile	52,558	3.3	76,805
5 (9) Vale do Rio Doce[B] Vale is one of the world's largest, fully-integrated, natural resources companies. Based in Brazil, the company produces iron-ore, manganese, alloys, gold, nickel, copper, aluminium, potash and numerous other minerals. In addition to its mining assets, Vale also owns and operates railways and maritime terminals.	Brazil & USA	47,326	3.0	43,993
6 (15) CME Group Based in Chicago, Illinois, CME Group operates a derivatives exchange that trades futures contracts and options, interest rates, stock indexes, foreign exchange and commodities. The exchange brings together buyers and sellers of derivatives products on its trading floor, electronic trading platform and through privately negotiated transactions.	USA	47,264	2.9	34,556
7 (12) 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. The Company also provides network services for the Federal Government.	USA	44,135	2.7	39,194
8 (4) British American Tobacco[C] British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.	UK & Malaysia	43,953	2.7	66,935
9 (5) Unilever Indonesia Unilever Indonesia, a majority owned subsidiary of Unilever NV, manufactures soaps, detergents, margarine, oil and cosmetics. The company also produces dairy based foods, ice cream and tea beverages.	Indonesia	43,333	2.7	60,588
10 (6) Daito Trust Construction Daito Trust Construction operates building construction and property leasing businesses. The Company plans and constructs private apartments and commercial buildings mainly for land owners throughout Japan. Daito Trust also provides brokerage and maintenance services.	Japan	42,953	2.7	60,294
Top ten investments		**509,669**	**31.8**	

[A] See definition on page 85.
[B] Holding comprises equity and fixed income securities split £27,574,000 (2017 – £24,071,000) and £19,752,000 (2017 – £19,922,000).
[C] Holding comprises UK and Malaysia securities split £27,500,000 (2017 – £50,180,000) and £16,453,000 (2017 – £16,755,000).

Company	Country	Valuation 2018 £'000	Total assets[A] %	Valuation 2017[B] £'000
11 (10) Total Total is a fully integrated international energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. The company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives and resins.	France	41,451	2.6	40,875
12 (14) Roche Holdings Roche Holdings develops and manufactures pharmaceutical and diagnostic products. The company produces prescription drugs in the areas of cardiovascular, respiratory diseases, dermatology, metabolic disorders, oncology and organ transplantation.	Switzerland	38,765	2.4	37,384
13 (7) 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.	USA	36,693	2.3	54,670
14 (17) Banco Bradesco Banco Bradesco is one of Brazil's leading banks. In addition to attracting deposits and making loans, the bank offers a full range of commercial banking services, including personal credit, mortgages, lease financing, mutual funds, securities brokerage and internet banking services. Bradesco also offers credit cards, insurance and pension funds.	Brazil	34,951	2.2	31,036
15 (20) Public Bank Public Bank provides a broad range of banking and financial services which include leasing, stock and futures broking, financing for purchase of licensed public vehicles, and various other financial services. The group's overseas operations outside Malaysia include branches in growth markets in Hong Kong, Sri Lanka, Laos, Cambodia and Vietnam.	Malaysia	32,904	2.0	26,544
16 (16) Royal Dutch Shell Royal Dutch Shell, through numerous international subsidiaries and global partnerships, explores for and produces oil, gas and petroleum products. In addition to producing fuels, chemicals and lubricants, the company owns and operates petrol filling stations worldwide.	UK	31,824	2.0	34,116
17 (13) Singapore Telecommunications Singapore Telecommunications is a communications company providing a diverse range of communications services including fixed-line telephony, mobile, data, internet, satellite and pay television. The company operates throughout the Asia Pacific region.	Singapore	30,277	1.9	37,835
18 (-) BHP Group (formerly BHP Billiton) BHP Group operates in the resource mining industry. The company focuses on minerals, metals and hydrocarbons, serving customers worldwide. The stock is listed on stock exchanges in both the UK and Australia.	Australia	26,426	1.6	24,360
19 (11) Telus Telus is a telecommunications company providing a variety of communication products and services. The company provides voice, data, internet and wireless services to businesses and consumers throughout Canada.	Canada	25,996	1.6	39,302
20 (-) Intel Corporation Intel Corporation designs, manufactures and sells computer components and related products. The Company's major products include microprocessors, chipsets, embedded processors, graphic semiconductors and systems management related software.	USA	25,805	1.6	23,896
Top twenty investments		**834,761**	**52.0**	

[A] See definition on page 85.

[B] The 2017 column represents the Company's holding at 31 December 2017. Values at 31 December 2018 and 31 December 2017 may not be directly comparable due to purchases and sales which may have occurred during the year.

The value of the 20 largest investments represents 52.0% (2017 – 53.4%) of total assets. The figures in brackets denote the position at the previous year end. (-) denotes not previously in 20 largest investments.

Portfolio

Other Investments

As at 31 December 2018

Company	Country	Valuation 2018 £'000	Total assets[A] %	Valuation 2017[B] £'000
Kimberly Clark de Mexico	Mexico	24,855	1.5	20,275
HSBC	UK	24,582	1.5	29,142
Tesco Lotus Retail Growth	Thailand	23,753	1.5	15,697
Auckland International Airport	New Zealand	22,619	1.4	20,409
Siam Commercial Bank	Thailand	22,451	1.4	20,347
Pepsico	USA	21,683	1.4	26,597
Telefonica Brasil	Brazil	21,263	1.3	24,869
Epiroc	Sweden	20,771	1.3	–
Standard Chartered	UK	20,368	1.3	26,078
Johnson & Johnson	USA	20,267	1.3	20,675
Top thirty investments		**1,057,373**	**65.9**	
Indocement Tunggal Prakarsa	Indonesia	20,148	1.3	23,810
Novartis	Switzerland	20,076	1.2	18,741
Oversea-Chinese Bank	Singapore	19,425	1.2	20,560
MTR	Hong Kong	18,571	1.2	19,468
Swire Pacific 'B'	Hong Kong	18,140	1.1	16,019
Republic of South Africa 7% 28/02/31	South Africa	17,939	1.1	19,815
Japan Tobacco	Japan	17,414	1.1	15,471
Atlas Copco	Sweden	17,128	1.1	21,270
Schlumberger	USA	17,030	1.1	–
Samsung Electronic	Korea	16,866	1.0	–
Top forty investments		**1,240,110**	**77.3**	
Nutrien	Canada	16,727	1.0	17,326
Bank Pekao	Poland	15,947	1.0	–
Republic of Indonesia 6.125% 15/05/28	Indonesia	14,353	0.9	15,884
Republic of Indonesia 7.0% 15/05/22	Indonesia	13,818	0.9	14,721
Vodafone Group	UK	13,761	0.9	21,150
United Mexican States 5.75% 05/03/26	Mexico	13,486	0.8	13,375
Petroleos Mexicanos 6.75% 21/09/47	Mexico	12,985	0.8	15,433
Coca-Cola Amatil	Australia	12,796	0.8	13,908
Federal Republic of Brazil 10% 01/01/23	Brazil	12,734	0.8	13,522
Wilson & Sons	Brazil	12,125	0.7	13,037
Top fifty investments		**1,378,842**	**85.9**	
Republic of Uruguay 5.1% 18/06/50	Uruguay	12,062	0.7	12,858
Republic of Dominican 6.85% 27/01/45	Dominican Republic	11,557	0.7	12,468
Inmarsat	UK	11,379	0.7	12,270
Republic of Indonesia 8.375% 15/03/34	Indonesia	10,972	0.7	12,129
Alfa 6.875% 25/03/44	Mexico	10,786	0.7	11,125
America Movil Sab De 6.45% 05/12/22	Mexico	10,628	0.7	10,446
Ultrapar Participacoes	Brazil	10,623	0.7	16,803
Bayer	Germany	10,355	0.6	16,117
MTN	South Africa	9,712	0.6	17,926
Republic of Ecuador 7.95% 20/06/24	Ecuador	8,995	0.6	10,211
Top sixty investments		**1,485,911**	**92.6**	

Company	Country	Valuation 2018 £'000	Total assets[A] %	Valuation 2017[B] £'000
Federal Republic of Brazil 10% 01/01/21	Brazil	8,476	0.5	9,167
Federal Republic of Brazil 10% 01/01/25	Brazil	8,452	0.5	8,889
Power Finance Corp 7.63% 14/08/26	India	8,234	0.5	8,362
Republic of Turkey 8.0% 12/03/25	Turkey	8,088	0.5	12,915
Republic of Turkey 9.0% 24/07/24	Turkey	8,081	0.5	12,985
HDFC Bank 7.95% 21/09/26	India	7,994	0.5	8,653
Petroleos Mexicanos 5.5% 27/06/44	Mexico	7,144	0.4	8,161
Weir Group	UK	5,841	0.4	16,984
Power Finance Corp 8.2% 10/03/25	India	5,674	0.4	5,815
Housing Dev Finance Corp 8.43% 04/03/25	India	5,561	0.4	5,909
Top seventy investments		**1,559,456**	**97.2**	
ICIC Bank 7.6% 07/10/23	India	4,977	0.3	–
ICIC Bank 7.42% 27/06/24	India	4,961	0.3	–
Republic of Indonesia 10% 15/02/28	Indonesia	4,564	0.3	5,067
Republic of Indonesia 9.5% 15/07/23	Indonesia	4,487	0.3	4,910
Santander 10.375% Non Cum Pref	UK	3,473	0.2	4,410
General Accident 7.875% Cum Irred Pref	UK	3,248	0.2	4,242
Total investments		**1,585,166**	**98.8**	
Net current assets[A]		**19,098**	**1.2**	
Total assets[C]		**1,604,264**	**100.0**	

[A] Excluding bank loans.
[B] The 2017 column denotes the Company's holding at 31 December 2017.
[C] See definition on page 85.

Summary of Net Assets

	Valuation 31 December 2018 £'000	%	Valuation 31 December 2017 £'000	%
Equities	1,321,685	93.1	1,478,506	92.5
Preference shares	6,721	0.5	8,652	0.5
Fixed income	256,760	18.1	272,741	17.1
Other net assets	19,098	1.3	23,965	1.5
Prior charges[A]	(184,676)	(13.0)	(184,735)	(11.6)
Equity shareholders' funds	**1,419,588**	**100.0**	**1,599,129**	**100.0**

[A] See definition on page 85.

Sector/Geographical Analysis

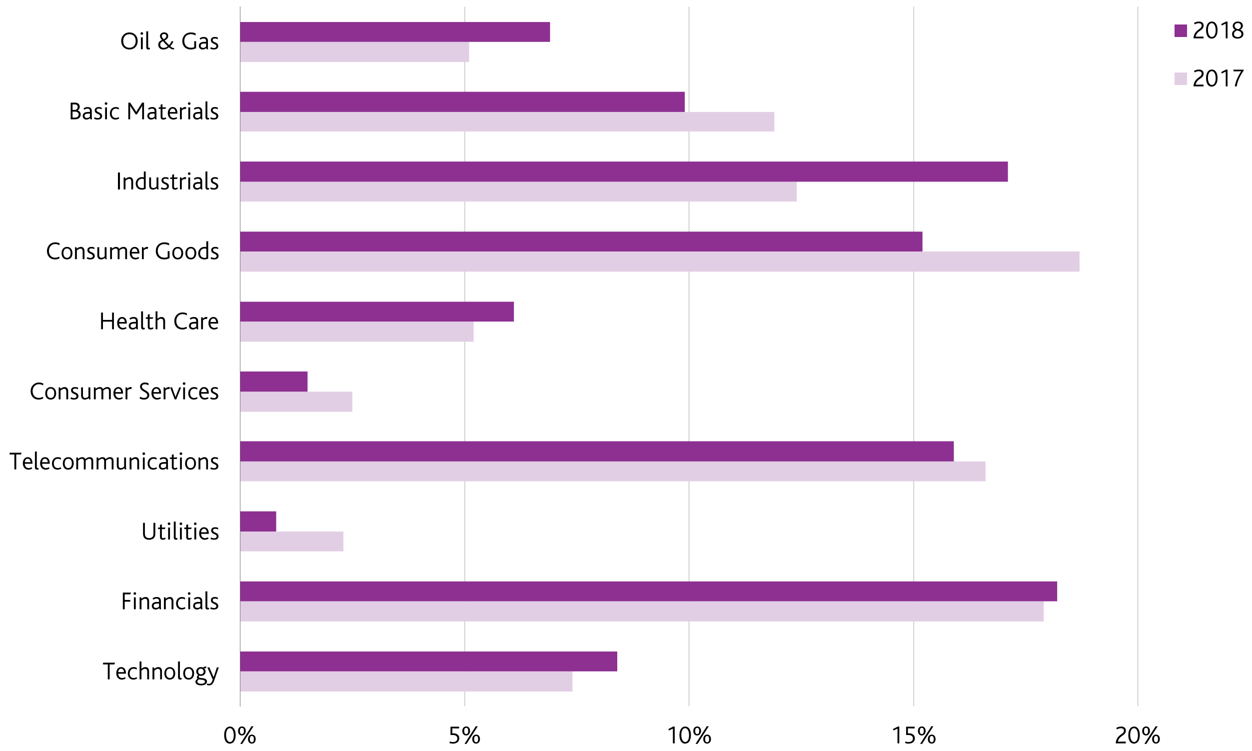
As at 31 December 2018

Distribution of Investments

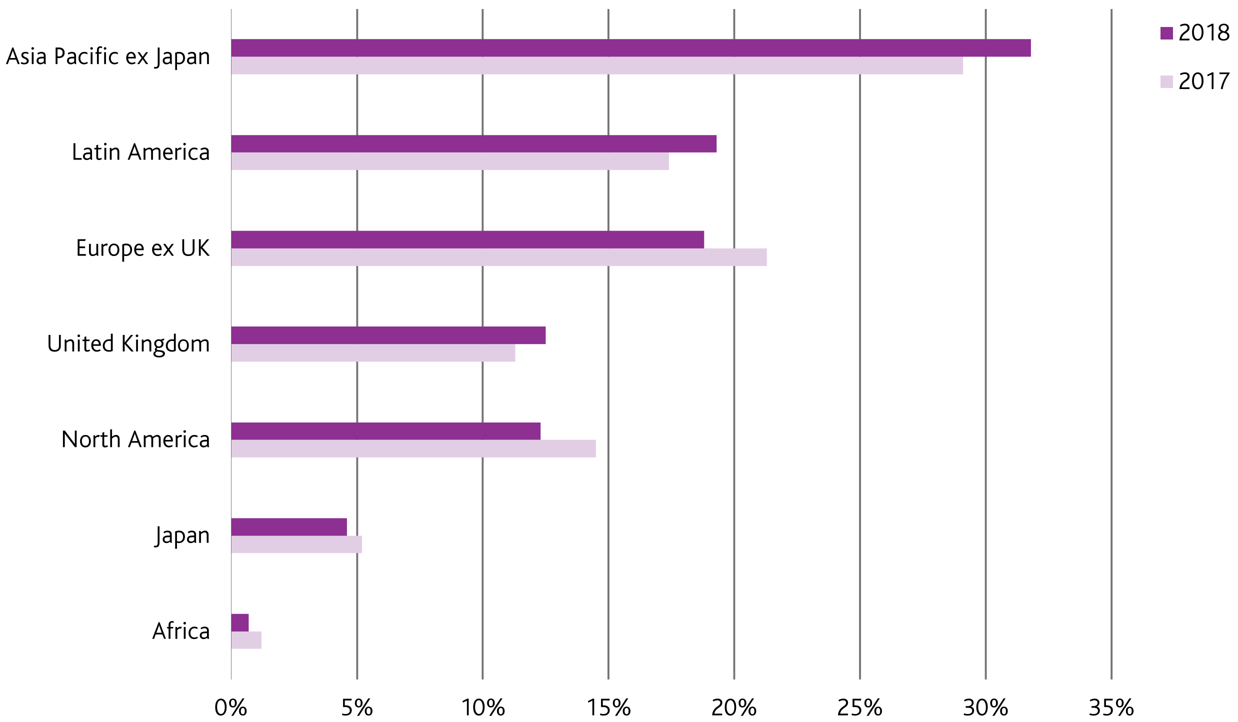
Sector/Area	United Kingdom %	North America %	Europe ex UK %	Japan %	Asia Pacific ex Japan %	Latin America %	Africa %	2018 Total %	2017 Total %
Oil & Gas	**2.0**	**1.1**	**2.6**	**–**	**–**	**–**	**–**	**5.7**	**4.2**
Oil & Gas Producers	2.0	–	2.6	–	–	–	–	4.6	4.2
Oil Equipment, Services & Distribution	–	1.1	–	–	–	–	–	1.1	–
Basic Materials	**1.6**	**1.0**	**0.6**	**–**	**–**	**5.0**	**–**	**8.2**	**9.9**
Chemicals	–	1.0	0.6	–	–	3.3	–	4.9	6.2
Industrial Metals & Mining	–	–	–	–	–	–	–	–	2.3
Mining	1.6	–	–	–	–	1.7	–	3.3	1.4
Industrials	**0.4**	**–**	**2.4**	**2.7**	**3.8**	**4.8**	**–**	**14.1**	**10.3**
Construction & Materials	–	–	–	2.7	1.3	–	–	4.0	1.3
General Industrials	–	–	–	–	1.1	–	–	1.1	0.9
Industrial Engineering	0.4	–	2.4	–	–	–	–	2.8	2.1
Industrial Transportation	–	–	–	–	1.4	4.8	–	6.2	6.0
Consumer Goods	**1.7**	**3.7**	**–**	**1.1**	**4.5**	**1.5**	**–**	**12.5**	**15.5**
Beverages	–	1.4	–	–	0.8	–	–	2.2	3.3
Personal Goods	–	–	–	–	2.7	1.5	–	4.2	4.5
Tobacco	1.7	2.3	–	1.1	1.0	–	–	6.1	7.7
Health Care	**–**	**1.3**	**3.7**	**–**	**–**	**–**	**–**	**5.0**	**4.3**
Pharmaceuticals & Biotechnology	–	1.3	3.7	–	–	–	–	5.0	4.3
Consumer Services	**–**	**–**	**–**	**–**	**1.2**	**–**	**–**	**1.2**	**2.1**
Food & Drug Retailers	–	–	–	–	–	–	–	–	1.0
Travel & Leisure	–	–	–	–	1.2	–	–	1.2	1.1
Telecommunications	**1.6**	**4.3**	**–**	**–**	**5.3**	**1.3**	**0.6**	**13.1**	**13.8**
Fixed Line Telecommunications	–	4.3	–	–	–	1.3	–	5.6	5.8
Mobile Telecommunications	1.6	–	–	–	5.3	–	0.6	7.5	8.0
Utilities	**–**	**–**	**–**	**–**	**–**	**0.7**	**–**	**0.7**	**1.9**
Gas Water & Multiutilities	–	–	–	–	–	0.7	–	0.7	1.9
Financials	**2.8**	**2.9**	**1.0**	**–**	**6.1**	**2.2**	**–**	**15.0**	**14.8**
Banks	2.8	–	1.0	–	4.6	2.2	–	10.6	8.6
Financial Services	–	2.9	–	–	–	–	–	2.9	1.9
Real Estate Investment & Services	–	–	–	–	–	–	–	–	3.4
Real Estate Investment Trusts	–	–	–	–	1.5	–	–	1.5	0.9
Technology	**–**	**1.6**	**–**	**–**	**5.3**	**–**	**–**	**6.9**	**6.1**
Technology Hardware & Equipment	–	1.6	–	–	5.3	–	–	6.9	6.1
Total equities	**10.1**	**15.9**	**10.3**	**3.8**	**26.2**	**15.5**	**0.6**	**82.4**	**82.9**
Fixed income	**0.4**	**–**	**1.0**	**–**	**5.3**	**8.6**	**1.1**	**16.4**	**15.8**
Total investments	**10.5**	**15.9**	**11.3**	**3.8**	**31.5**	**24.1**	**1.7**	**98.8**	**98.7**
Other net current assets								1.2	1.3
Total assets[A]								**100.0**	**100.0**

[A] See definition on page 85.

Total Equities Distribution by Sector



Total Equities Distribution by Geographic Region



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.

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

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

Relevant experience and other directorships: 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 Lowland Investment Company plc, 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: 26 April 2018

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: 45,000 Ordinary shares

Peter Dunscombe

Status: Senior Independent Non-Executive Director

Relevant experience and other directorships: 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 committees of The Nuffield Foundation and 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: 26 April 2018

Committee member: Audit 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

Claire Binyon

Status: Independent Non-Executive Director

Relevant experience and other directorships: She is a Ms Binyon is a chartered accountant who, following an early career in corporate finance in the City, has embarked on a successful career working for global multinationals in the areas of corporate development, strategic planning and finance. Ms Binyon is currently group corporate development director at Fenner Group Holdings Limited, part of the Michelin group of companies, having previously served in similar roles at other multinational companies including DS Smith Plc, Cadbury plc and InBev S.A.

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

Last re-elected to the Board: n/a

Committee member: Audit 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: 1,062 Ordinary shares

Marcia Campbell

Status: Independent Non-Executive Director

Relevant experience and other directorships: She was operations director at Ignis Asset Management having previously been group operations director and CEO Asia Pacific at Standard Life. She is Chairman of Woodford Investment Management's Oversight Board, a director of CNP Assurances in France, Charles Stanley Group PLC, Sainsbury's Bank, 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: 26 April 2018

Committee member: Audit 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

Your Board of Directors continued

David Hardie

Status: Independent Non-Executive Director

Relevant experience and other directorships: 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: 26 April 2018

Committee member: Audit 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: 13,438 Ordinary shares

Alexandra Mackesy

Status: Independent Non-Executive Director

Relevant experience and other directorships: 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: 26 April 2018

Committee member: Audit 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 2018.

Results and Dividends

Details of the Company's results and proposed dividends are shown on pages 19 and 4 of this Report.

Investment Trust Status

The Company is registered as a public limited company (registered in Scotland No. SC006705) and has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 January 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2018 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 2018, there were 128,143,545 fully paid Ordinary shares of 25p each (2017 – 127,785,880 Ordinary shares) in issue. At the year end there were an additional 406,531 Ordinary shares held in Treasury (2017 – 764,196).

Share Issuance and Buybacks

During the year 357,665 Ordinary shares were sold from Treasury all at a premium to the prevailing NAV per share (2017 – 301,642); no Ordinary shares were purchased in the market for Treasury or cancellation (2017 – nil). Subsequent to the year end, a further 406,531 Ordinary shares have been sold from Treasury and 196,500 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 31 May 2018, the Company agreed a new £60 million loan facility with RBSI which was drawn in full and fixed for five years at an all-in rate of 2.328%. The new facility was used to repay a maturing £60 million loan with RBSI. In May 2019 a further £15 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 have agreed a new fee level for calculating the Company's management fees payable to ASFML. The annual management fee will continue to be charged on net assets (ie excluding borrowings for investment purposes), averaged over the six previous quarters ("Net Assets"), but on an amended 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 30 to 32 indicating their range of experience as well as length of service. Mr Best retired from the Board on 26 April 2018.

Ms Binyon was appointed to the Board on 1 May 2018 and, being eligible, offers herself for election at the first AGM following her appointment. The other Directors will retire at the AGM in April 2019 and each Director will stand for re-election. The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively.

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.

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 20 to the financial statements. 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.

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.

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 2018:

Shareholder	No. of Ordinary shares held	% held
Aberdeen Standard Retail Plans [A]	9,831,853	7.7
Speirs & Jeffrey	9,427,833	7.4
Hargreaves Lansdown [A]	8,144,158	6.4
Alliance Trust Savings [A]	6,682,369	5.2
Investec Wealth & Management	6,662,577	5.2
Charles Stanley	6,234,860	4.9
Rathbones	5,540,565	4.3
Smith & Williamson Wealth Management	4,810,839	3.8
Brewin Dolphin	4,138,304	3.2

[A] Non-beneficial interests

There have been no significant changes notified in respect of the above holdings between 31 December 2018 and 7 March 2019.

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, as required by the Listing Rules of the UK Listing Authority, has applied the principles identified in the UK Corporate Governance Code (published in April 2016) for the year ended 31 December

2018. The UK Corporate Governance Code is available on the Financial Reporting Council's website: frc.org.uk.

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

The Company has complied throughout the accounting period with the relevant provisions contained within the AIC Code and the relevant provisions of the UK Corporate Governance Code except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.2.1 and D.2.2);
- and the need for an internal audit function (C.3.5).

For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally-managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. The full text of the Company's Corporate Governance Statement can be found on the Company's website, murray-intl.co.uk. As indicated in the Chairman's Statement on page 5, the Company will report its compliance with the AIC's updated 2019 Code of Corporate Governance which is endorsed by the new FRC UK Code of Corporate Governance, for the year ending 31 December 2019.

Directors have attended Board and Committee meetings during the year ended 31 December 2018 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)	2 (2)	1 (1)	n/a	2 (2)
C. Binyon [B]	4 (4)	1 (1)	0 (0)	2 (2)	1 (1)
M Campbell	6 (6)	2 (2)	1 (1)	3 (3)	2 (2)
P W Dunscombe	6 (6)	2 (2)	1 (1)	3 (3)	2 (2)
D Hardie	6 (6)	2 (2)	1 (1)	3 (3)	2 (2)
A Mackesy	6 (6)	2 (2)	1 (1)	3 (3)	2 (2)
J D Best [C]	0 (2)	1 (1)	0 (1)	0 (1)	0 (1)

[A] Dr Carter is not a member of either the Audit Committee or the Remuneration Committee but attended all Committee meetings by invitation
[B] Ms Binyon was appointed to the Board on 1 May 2018
[C] Mr Best retired from the Board on 26 April 2018

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 Committee

The Report of the Audit Committee is on pages 43 and 44 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 18. When Board positions become available as a result of retirement or resignation, the Company ensures that a diverse group of candidates is considered.

During the year the Company undertook a search for a new independent non executive Director culminating in the appointment of Ms Binyon on 1 May 2018. The search was conducted by Norman Broadbent Executive Search

Limited, an independent external recruitment agent that has no other connections with the Company.

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 during the year by Stephenson & Co. an independent external board evaluation service provider that does not have any other connections with the Company. This external evaluation concluded that the Board has a good balance of experience and knowledge of investment markets and continues to work in a collegiate and effective manner.

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis.

In accordance with Principle 3 of the AIC's Code of Corporate Governance which recommends that the directors of FTSE 350 companies should be subject to annual re-election by shareholders, with the exception of Ms Binyon (who will retire and offer herself for election), all the members of the Board 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.

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 40 to 42.

Going Concern

The Directors have undertaken a robust review of the Company's viability (refer to statement on pages 17 and 18) 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 £15 million loan facility with RBS which is due to mature in May 2019. 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 from the existing bankers, or any alternative, the Company expects to continue to access a similarly sized facility. 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 16 and 17 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 ("EY") has expressed its willingness to continue in office and a Resolution to re-appoint EY 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. Details of fees relating to non-audit services and the auditor's tenure are disclosed on pages 43 and 44.

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 17 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 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 £3,218,664 (equivalent to 12,874,657 Ordinary shares or 10% of the Company's existing issued share capital at 7 March 2019, the latest practicable date prior to the publication of this Annual Report). Such authority will expire on the date of the next Annual General Meeting or on 30 June 2020, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 561 of the Act provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 13 will, if passed, also give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £3,218,664 (equivalent to 12,874,657 Ordinary shares or 10% of the Company's existing issued share capital at 7 March 2019, 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 2020 Annual General Meeting or on 30 June 2020, 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 26 April 2018, 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 19,299,111 Ordinary shares as at 7 March 2019). Such authority will expire on the date of the 2020 Annual General Meeting or on 30 June 2020, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Recommendation

The Directors consider that the authorities 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 80,652 shares, representing approximately 0.06% of the Company's issued share capital as at 7 March 2019.

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

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.

Responsible Investment

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the areas of Environmental, Social and Corporate Governance stewardship. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area.

By order of the Board of Murray International Trust PLC

Aberdeen Asset Management PLC
Secretary
40 Princes Street,
Edinburgh EH2 2BY

7 March 2019

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 Annual General Meeting;
(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 50.

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 which 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. Subject to this overall limit, the Board's policy 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 2018 £	31 December 2017 £
Chairman	45,000	45,000
Chairman of Audit Committee	32,000	32,000
Director	26,000	26,000
Senior Independent Director	Extra 3,000	Extra 3,000

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.
- 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 2018).
- 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.
- 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.
- 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 approved by shareholders at the AGM on 25 April 2017.

Implementation Report

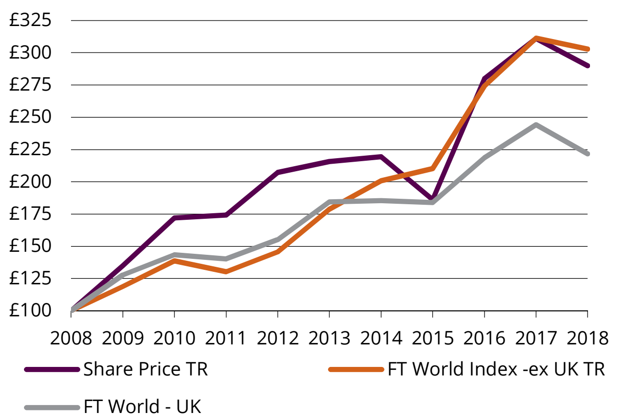
Directors' Fees

The Board 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 and concluded that no changes to the amounts payable to Directors would be made for the year ending 31 December 2019. 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.

Company Performance

During the year, the Board also carried out a review of investment performance. The graph below compares the total return (assuming all dividends are reinvested) to Ordinary shareholders, assuming a notional investment of £100 into the Company on 31 December 2008, compared with the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE World-UK Index and FTSE World Index ex-UK are calculated. These indices were chosen for comparison purposes, as they are components of the Company's benchmark (40% FTSE World UK Index and 60% FTSE World ex-UK Index) and are the benchmarks used for investment performance measurement purposes by most of the Company's peer group.

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 26 April 2018, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2017 and the Directors' Remuneration Policy and the following proxy votes were received on the resolutions:

Resolution	For* %	Against %	Withheld %
(2) Receive and Adopt Directors' Remuneration Report	28.6m (98.6%)	194,760 (0.7%)	133,175
(3) Approve Directors' Remuneration Policy	38.8m (99.3%)	96,583 (0.3%)	69,487

* Including discretionary votes

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 below.

Fees Payable (Audited)

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

Director	2018 £	2017 £
K J Carter	45,000	45,000
C Binyon [A]	17,333	n/a
M Campbell	32,000	32,000
P W Dunscombe	28,042	26,000
D Hardie	26,000	26,000
A Mackesy	26,000	26,000
J D Best [B]	9,667	29,000
Total	**184,042**	**184,000**

[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 2018 and 31 December 2017 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 2018 [C] Ordinary 25p	31 December 2017 Ordinary 25p
K J Carter	45,000	30,000
C Binyon [A]	1,062	n/a
M Campbell	17,174	5,726
P W Dunscombe	3,850	3,850
D Hardie	13,438	12,866
A Mackesy	-	-
J D Best [B]	52,500	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 increased to 13,566 Ordinary shares following the acquisition of 128 Ordinary shares by way of dividend reinvestment on 20 February 2019. With the exception of this further disclosure, the Directors' holdings were unchanged at 7 March 2019, 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 2018:

- 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 7 March 2019 and signed on its behalf by:

David Hardie
Director
7 March 2019

Report of the Audit Committee

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

Audit Committee

As recommended by the AIC Code, an Audit 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 Committee comprises the whole Board (excluding Dr Carter) and I, Marcia Campbell, am the Chairman. The members of the Audit 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 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. Non-audit fees of £2,000 (2017 £12,000) paid to the auditor during the year under review were for services in connection with the electronic filing of tax returns (iXBRL).
- 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 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 extent of non audit services that can be provided by EY is now very limited. The Audit 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 Committee has approved the on-going supply by EY of services in connection with the electronic filing of tax returns (iXBRL) and will continue to review and approve all future non audit services. The level of non audit fees payable by the Company is not material in any way for EY and the Audit Committee confirms its belief that EY is independent in 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 2018, 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 58 and 59. All investments are quoted and can be verified against daily market prices. 83.4% of investments are considered to be liquid and are therefore categorised as Level 1 in accordance with the FRS 102 fair value hierarchy. 16.6% of investments are considered to be subject to some risk of illiquidity and are therefore categorised as Level 2 within the FRS 102 fair value hierarchy. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to the Board. BNY Mellon has been appointed as custodian and depositary to safeguard the assets of the Company. The depositary checks the consistency and accuracy of its records on a monthly basis and reports its findings to ASFML. Separately, the investment portfolio is reconciled regularly by the Manager.

Correct Calculation of Management Fees

Mitigation - The management fees are calculated by the Manager and reviewed annually by the Audit 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 58. 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 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 2018 will be the second year for which the present Senior Statutory Auditor has served. The Committee considers EY, the Company's auditor, to be independent of the Company. The Audit Committee arranged, in 2013, a tender for the Company's external audit and invited EY to participate, alongside a number of other audit firms of varying size. Following the tender, the Audit Committee recommended to the Board that the reappointment of EY as auditor be put to shareholders for approval at the AGM and shareholders approved the reappointment of EY as auditor at the AGM in April 2014. Under EU regulations, EY are required to rotate as auditor no later than the completion of the audit in respect of the year ending 31 December 2020. Accordingly, the Board expects to hold the next tender for external audit services in early 2021 at the latest and EY will be time-barred from participating in this tender exercise.

The Committee considers EY, the Company's auditor, to be independent of the Company and therefore has recommended to the Board that the reappointment of EY be put to shareholders for approval at the AGM.

For and on behalf of the Audit Committee

Marcia Campbell
Audit Committee Chairman
7 March 2019

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
7 March 2019

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 2018 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 20, 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 2018 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 16 and 17 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 16 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 58 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 pages 17 and 18 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.

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 • Risk of incorrect valuation and defective title to the investment portfolio
Materiality	• Overall materiality of £14.20m which represents 1% of shareholders' funds (2017: £16.0m)

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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
Risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (per the Audit Committee report set out on page 44 and the accounting policy set out on page 58). The income received for the year to 31 December 2018 was £77.11m (2017: £79.47m), consisting primarily of dividend and interest income from listed investments. The income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of income through the failure to recognise proper income entitlements or applying appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'.	**We have performed the following procedures:** We obtained an understanding of the Manager's and Administrator's processes and controls surrounding revenue recognition and allocation of special dividends by reviewing their internal control reports and performing our walkthrough procedures to evaluate the design and implementation of controls. We performed tests of journal entries, focusing on investment income journals during the year. We agreed a sample of dividends received from the income report to the corresponding announcement made by the investee company. We recalculated the dividend amount receivable using exchange rates obtained from an independent data vendor and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. 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. We recalculated, on a sample basis, the effective yield on fixed interest income securities. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the obligation arose prior to 31 December 2018. 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 where paid. We obtained the income report and the acquisition and disposal report produced by the Administrator to identify special dividends received or accrued during the year. The Company received three special dividends, amounting to £1.04m, two of which were classified as revenue (amounting to £0.91m) and one was classified as capital (amounting to £0.13m). We reviewed the underlying circumstances and motives for the payments	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

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

	to assess the appropriateness of classification of the three special dividends.	
Risk of incorrect valuation and defective title of the investment portfolio (as described on pages 43 and 44 in the Report of the Audit Committee and as per the accounting policy set out on page 59). The valuation of the investment portfolio at 31 December 2018 was £1,518.17m (2017: £1,759.90m) consisting of quoted shares, preferences shares and bonds. 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 to 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 quoted investments is determined by reference to stock exchange quoted market bid prices at the reporting date.	**We performed the following procedures:** For all investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor. We obtained the price exception and stale pricing reports produced by the Administrator and investigated any unexpected price movements in investments held as at the year-end. We agreed the Company's investments to the independent confirmations received from the Company's Custodian and Depositary as at 31 December 2018.	**The results of our procedures are:** We have no issues to communicate with respect to our procedures performed over the risk of incorrect valuation and defective title of the investment portfolio.

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 £14.20m (2017: £16.00m) which is 1% (2017: 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% (2017: 75%) of our planning materiality, namely £10.65m (2017: £12.0m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate revenue testing threshold of £3.57m (2017: £3.70m) for the revenue column of the Statement of Comprehensive Income, being 5% of the revenue profit before taxation.

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 £0.71m (2017: £0.80m) 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 and financial statements, 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 43 – 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 page 43 – 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 35 – 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:

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

- 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 45, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 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. 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 111 years, covering the years ending 31 December 1907 to 31 December 2018.
- 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
7 March 2019

Notes:

1. The maintenance and integrity of the Murray International Trust PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Subject to approval of the 17.0p final dividend, the total Ordinary dividends for the year will amount to 51.5p, an increase of 3.0% from last year (2017: 50.0p). After accounting for the payment of the final dividend, there will be a small transfer of approximately £2.5 million from the Company's revenue reserves.

Swire Pacific is a Hong Kong based conglomerate involved in property, aviation, beverages and marine services.
Photo © Swire Blue Ocean

Statement of Comprehensive Income

	Notes	Year ended 31 December 2018 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2017 Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	–	(175,349)	(175,349)	–	150,408	150,408
Income	3	77,105	–	77,105	79,471	–	79,471
Investment management fees	4	(2,495)	(5,820)	(8,315)	(2,392)	(5,581)	(7,973)
Currency gains/(losses)		–	284	284	–	(416)	(416)
Other expenses	5	(1,963)	(18)	(1,981)	(2,044)	–	(2,044)
Net return before finance costs and taxation		72,647	(180,903)	(108,256)	75,035	144,411	219,446
Finance costs	6	(1,210)	(2,822)	(4,032)	(1,262)	(2,947)	(4,209)
Return before taxation		71,437	(183,725)	(112,288)	73,773	141,464	215,237
Taxation	7	(7,868)	1,619	(6,249)	(7,628)	1,641	(5,987)
Return attributable to equity shareholders		**63,569**	**(182,106)**	**(118,537)**	**66,145**	**143,105**	**209,250**
Return per Ordinary share (pence)	9	**49.6**	**(142.2)**	**(92.6)**	**51.8**	**112.2**	**164.0**

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 2018 £'000	As at 31 December 2017 £'000
Non-current assets			
Investments at fair value through profit or loss	10	1,585,166	1,759,899
Current assets			
Debtors	11	14,519	22,772
Cash and short term deposits		7,627	4,296
		22,146	27,068
Creditors: amounts falling due within one year			
Bank loans	12,13	(15,000)	(60,000)
Other creditors	12	(3,048)	(3,103)
		(18,048)	(63,103)
Net current assets/(liabilities)		4,098	(36,035)
Total assets less current liabilities		1,589,264	1,723,864
Creditors: amounts falling due after more than one year			
Bank loans	12,13	(169,676)	(124,735)
Net assets		**1,419,588**	**1,599,129**
Capital and reserves			
Called-up share capital	14	32,137	32,137
Share premium account		351,666	350,681
Capital redemption reserve		8,230	8,230
Capital reserve	15	953,992	1,132,829
Revenue reserve		73,563	75,252
Equity shareholders' funds		**1,419,588**	**1,599,129**
Net Asset Value per Ordinary share (pence)	16	**1,107.8**	**1,251.4**

The financial statements were approved and authorised for issue by the Board of Directors on 7 March 2019 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 2018

	Note	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**

For the year ended 31 December 2017

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2016		32,137	349,581	8,230	986,968	70,963	1,447,879
Return after taxation		–	–	–	143,105	66,145	209,250
Dividends paid	8	–	–	–	–	(61,856)	(61,856)
Issue of shares from Treasury	14	–	1,100	–	2,756	–	3,856
Balance at 31 December 2017		**32,137**	**350,681**	**8,230**	**1,132,829**	**75,252**	**1,599,129**

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

Statement of Cash Flows

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Net return before finance costs and taxation		(108,256)	219,446
(Decrease)/increase in accrued expenses		(58)	305
Overseas withholding tax		(6,288)	(4,631)
Interest income		(5)	(1)
Dividend income		(55,906)	(56,451)
Fixed interest income		(21,194)	(23,019)
Fixed interest income received		20,432	24,834
Dividends received		55,557	56,820
Interest received		5	1
Interest paid		(4,104)	(4,494)
Losses/(gains) on investments		175,349	(150,408)
Decrease in other debtors		21	1
Corporation tax paid		(898)	(1,077)
Net cash inflow from operating activities		54,655	61,326
Investing activities			
Purchases of investments	10	(114,399)	(158,423)
Sales of investments	10,11	124,079	155,648
Net cash from/(used in) investing activities		9,680	(2,775)
Financing activities			
Equity dividends paid	8	(65,258)	(61,856)
Issue of Ordinary shares from Treasury	14	4,254	3,856
Debenture Stock redeemed		–	(152)
Loan repayment		(60,000)	(60,000)
Loan drawdown		60,000	60,000
Net cash used in financing activities		(61,004)	(58,152)
Increase in cash		**3,331**	**399**
Analysis of changes in cash during the year			
Opening balance		4,296	3,897
Increase in cash as above		3,331	399
Closing balances		**7,627**	**4,296**

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

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 November 2014 and updated in February 2018 with consequential amendments (applicable for accounting periods beginning on or after 1 January 2019 but adopted early). 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 36.

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, this 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) 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.

(g) Nature and purpose of reserves

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.

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.

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.

(h) 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.

(i) Derivative financial instruments

Financial derivatives are measured at fair value based on an appropriate model. Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as they arise. If capital in nature, the associated change in value is presented as a capital item in the Statement of Comprehensive Income.

(j) 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.

(k) 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	2018 £'000	2017 £'000
Income from investments		
UK dividend income	9,651	9,889
Overseas dividends	46,255	46,562
Overseas interest	21,194	23,019
	77,100	79,470
Other income		
Deposit interest	5	1
Total income	**77,105**	**79,471**

Income from investments comprises:	2018 £'000	2017 £'000
Listed UK	9,651	9,889
Listed overseas	67,449	69,581
	77,100	**79,470**

4. Investment management fees	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000	2017 Revenue £'000	2017 Capital £'000	2017 Total £'000
Investment management fees	2,495	5,820	8,315	2,392	5,581	7,973

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

The annual management fee is charged on net assets (i.e. excluding borrowings for investment purposes) averaged over the six previous quarters ("Net Assets"), on a tiered basis. The annual management fee is charged at 0.575% 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 £8,315,000 (2017 – £7,973,000) of investment management fees was payable to the Manager, with a balance of £2,055,000 (2017 – £2,085,000) being due at the year end.

On 20 December 2018, the Board and the Manager announced that with effect from 1 January 2019 onwards the annual fee will be charged at 0.5% of Net Assets up to £1,200 million and 0.425% of Net Assets above £1,200 million.

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 (2017 – £100,000) of secretarial fees was payable to the Manager, with a balance of £25,000 (2017 – £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	2018 £'000	2017 £'000
Promotional activities[A]	425	425
Registrars' fees	121	193
Directors' remuneration	184	184
Irrecoverable VAT	56	39
Secretarial fees[B]	100	100
Auditor's fees for:		
– Statutory audit	28	27
– Other assurance services	2	3
– Tax compliance[C]	–	9
Administrative expenses[DE]	1,065	1,064
	1,981	**2,044**

[A] In 2018 £425,000 (2017 – £425,000) was payable to ASFML to cover promotional activities during the year. At the year end £106,000 (2017 – £106,000) was due to ASFML.
[B] Details of the fee basis are contained in note 4 above.
[C] Amount charged in 2017 relates to non-recurring work undertaken for Swedish withholding tax claims covering the period 2011 to 2016.
[D] Includes bank charges and custody fees of £593,000 (2017 – £488,000), depositary fees of £146,000 (2017 – £260,000), stock exchange fees of £81,000 (2017 – £70,000) and printing, postage and stationery costs of £83,000 (2017 – £54,000).
[E] £18,000 (2017 – £nil) relates to professional services received in connection with the redemption of the Company's debenture stock, which occurred in the prior year.

	2018			2017		
6. Finance costs	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdrafts	1,210	2,822	4,032	1,260	2,941	4,201
Debenture stock	–	–	–	2	6	8
	1,210	**2,822**	**4,032**	**1,262**	**2,947**	**4,209**

	2018			2017		
7. Taxation	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) **Total tax charge**						
Analysis for the year						
Current UK tax	1,921	–	1,921	2,253	–	2,253
Double taxation relief	(1,006)	–	(1,006)	(960)	–	(960)
Tax relief to capital	1,645	(1,645)	–	1,641	(1,641)	–
Irrecoverable overseas tax suffered	6,611	–	6,611	5,338	–	5,338
Overseas tax reclaimable	(1,303)	26	(1,277)	(644)	–	(644)
Total tax charge for the year	**7,868**	**(1,619)**	**6,249**	**7,628**	**(1,641)**	**5,987**

(b) Factors affecting the tax charge for the year

The UK corporation tax rate is 19% (2017 – effective rate of 19.25%). The tax assessed for the year is lower than the corporation tax rate. The differences are explained below:

	2018			2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	**71,437**	**(183,725)**	**(112,288)**	**73,773**	**141,464**	**215,237**
Return multiplied by the effective standard rate of corporation tax of 19% (2017 – 19.25%)	13,573	(34,907)	(21,334)	14,201	27,232	41,433
Effects of:						
Non taxable UK dividend income	(1,834)	–	(1,834)	(1,904)	–	(1,904)
Gains/(losses) on investments not taxable	–	33,316	33,316	–	(28,953)	(28,953)
Currency (gains)/losses not taxable	–	(54)	(54)	–	80	80
Non taxable overseas dividends	(8,173)	–	(8,173)	(8,405)	–	(8,405)
Irrecoverable overseas tax suffered	6,611	–	6,611	5,338	–	5,338
Overseas tax reclaimable	(1,303)	26	(1,277)	(644)	–	(644)
Double taxation relief	(1,006)	–	(1,006)	(960)	–	(960)
Expenses not deductible for tax purposes	–	–	–	2	–	2
Total tax charge for the year	**7,868**	**(1,619)**	**6,249**	**7,628**	**(1,641)**	**5,987**

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 (2017 – same) arising as a result of there being no excess management expenses (2017 – same) to be utilised in future periods.

8. Ordinary dividends on equity shares	2018 £'000	2017 £'000
Amounts recognised as distributions paid during the year:		
Third interim for 2017 of 11.0p (2016 – 10.5p)	14,057	13,386
Final dividend for 2017 of 17.0p (2016 – 16.0p)	21,729	20,397
First interim for 2018 of 11.5p (2017 – 11.0p)	14,736	14,030
Second interim for 2018 of 11.5p (2017 – 11.0p)	14,736	14,043
	65,258	**61,856**

A third interim dividend was declared on 28 November 2018 with an ex date of 3 January 2019. This dividend of 11.5p was paid on 19 February 2019 and has not been included as a liability in these financial statements. The proposed final dividend for 2018 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 £63,569,000 (2017 – £66,145,000).

	2018 £'000	2017 £'000
Three interim dividends for 2018 of 11.5p (2017 – 11.0p)	44,209	42,129
Proposed final dividend for 2018 of 17.0p (2017 – 17.0p)	21,887	21,729
	66,096	**63,858**

The amount reflected above for the cost of the proposed final dividend for 2018 is based on 128,746,576 Ordinary shares, being the number of Ordinary shares in issue at the date of this Report.

9. **Return per Ordinary share**	2018 £'000	2018 p	2017 £'000	2017 p
Returns are based on the following figures:				
Revenue return	63,569	49.6	66,145	51.8
Capital return	(182,106)	(142.2)	143,105	112.2
Total return	**(118,537)**	**(92.6)**	**209,250**	**164.0**
Weighted average number of Ordinary shares		**128,039,138**		**127,580,318**

10. **Investments at fair value through profit or loss**	2018 £'000	2017 £'000
Opening valuation	1,759,899	1,618,893
Opening investment holdings gains	(569,301)	(486,113)
Opening book cost	1,190,598	1,132,780
Movements during the year:		
Purchases	114,399	158,423
Sales – proceeds	(115,071)	(164,656)
Sales – realised gains	34,516	67,220
Accretion/(amortisation) of fixed income book cost	1,288	(3,169)
Closing book cost	1,225,730	1,190,598
Closing investment holdings gains	359,436	569,301
Closing valuation	**1,585,166**	**1,759,899**

The portfolio valuation	2018 £'000	2017 £'000
Listed on stock exchanges:		
United Kingdom:		
– equities	161,681	214,280
– preference shares	6,721	8,652
Overseas:		
– equities	1,160,004	1,264,226
– fixed income	256,760	272,741
Total	**1,585,166**	**1,759,899**

(Losses)/gains on investments	2018 £'000	2017 £'000
Realised gains based on book cost	34,516	67,220
Net movement in investment holdings gains	(209,865)	83,188
	(175,349)	**150,408**

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

	2018 £'000	2017 £'000
Purchases	88	80
Sales	105	97
	193	**177**

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	2018 £'000	2017 £'000
Overseas withholding tax	2,302	1,225
Amounts due from brokers	–	9,008
Other debtors	46	67
Accrued income	12,171	12,472
	14,519	**22,772**

None of the above amounts are overdue or impaired.

12. Creditors	2018 £'000	2017 £'000
Amounts falling due within one year:		
Bank loans (note 13)	15,000	60,000
Corporation tax payable	233	216
Accruals	2,815	2,887
	18,048	**63,103**

	2018 £'000	2017 £'000
Amounts falling due after more than one year:		
Bank loans and Debentures (note 13)	**169,676**	**124,735**

All financial liabilities are measured at amortised cost.

13. Bank loans	2018 £'000	2017 £'000
Unsecured bank loans repayable within one year:		
– £60,000,000 at 2.575% – 31 May 2018	–	60,000
– £15,000,000 at 1.467% – 16 May 2019	15,000	–
Unsecured bank loans repayable in more than one year but no more than five years:		
– £15,000,000 at 1.467% – 16 May 2019	–	15,000
– £50,000,000 at 2.4975% – 13 May 2020	50,000	50,000
– £60,000,000 at 1.714% – 31 May 2022	59,795	59,735
– £60,000,000 at 2.328% – 31 May 2023	59,881	–
	184,676	**184,735**

During 2018 the Company entered into a new £60,000,000 loan facility agreement with The Royal Bank of Scotland plc ("RBSI"), due on 31 May 2023, incurring an arrangement fee of £135,000. 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 16 May 2019, 13 May 2020, 31 May 2022 and 31 May 2023 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 2018 net assets were £1,419,588,000 and borrowings were 13.0% thereof. The Company has complied with all financial covenants throughout the year.

14. Share capital	2018 Number	2018 £'000	2017 Number	2017 £'000
Allotted, called up and fully paid Ordinary shares of 25p each:				
Balance brought forward	127,785,880	31,946	127,484,238	31,871
Ordinary shares issued from Treasury in the year	357,665	90	301,642	75
Balance carried forward	**128,143,545**	**32,036**	**127,785,880**	**31,946**
Treasury shares:				
Balance brought forward	764,196	191	1,065,838	266
Ordinary shares issued from Treasury in the year	(357,665)	(90)	(301,642)	(75)
Balance carried forward	**406,531**	**101**	**764,196**	**191**

During the year no Ordinary shares were repurchased by the Company (2017 – none). Shares held in Treasury represent 0.3% of the Company's total issued share capital at 31 December 2018 (31 December 2017 – 0.6%).

During the year 357,665 (2017 – 301,642), Ordinary shares were issued from Treasury. 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 1170p to 1254p (2017 – 1230p to 1309p) and raised a total of £4,254,000 (2017 – £3,856,000) net of expenses. Following the year end a further 406,531 Ordinary shares were issued from Treasury at prices ranging from 1163p to 1189p raising £4,771,000, net of expenses and 196,500 new Ordinary shares were allotted under the Company's blocklisting at prices ranging from 1190p to 1208p raising £2,356,000, 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	**2018 £'000**	**2017 £'000**
At 31 December 2017	1,132,829	986,968
Movement in fair value gains	(175,349)	150,408
Capital expenses	(7,041)	(6,887)
Issue of shares from Treasury	3,269	2,756
Currency gains/(losses)	284	(416)
At 31 December 2018	**953,992**	**1,132,829**

Included in the total above are investment holdings gains at the year end of £359,436,000 (2017 – £569,301,000).

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 2018	**As at 31 December 2017**
Attributable net assets (£'000)	1,419,588	1,599,129
Number of Ordinary shares in issue (excluding Treasury)	128,143,545	127,785,880
Net asset value per share (pence)	1,107.8	1,251.4

17. Financial instruments and risk management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise 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 page 66.

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 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)**	**–**	**–**

At 31 December 2017	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	–	–	8,652	4,158	214,280
US Dollar	24.01	6.59	90,179	135	481,808
Other	8.18	7.93	182,562	3	782,418
Total assets			**281,393**	**4,296**	**1,478,506**
Liabilities					
Bank loans	2.32	2.19	(184,735)	–	–
Total liabilities			**(184,735)**	**–**	**–**

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

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

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

Interest rate sensitivity

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

If interest rates had been 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 2018 would increase/decrease by £76,000 (2017 – increase/decrease by £43,000). 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 £13,307,000 (2017 – increase/decrease by £8,723,000). 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 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 2018 the Company did not have any forward foreign currency contracts (2017 – 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 2018			31 December 2017		
	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	376,712	30	376,742	481,808	135	481,943
Taiwan Dollar	123,126	9	123,135	138,489	3	138,492
Mexican Peso	89,876	–	89,876	20,275	–	20,275
Indonesian Rupiah	63,481	–	63,481	84,398	–	84,398
Japanese Yen	60,367	–	60,367	75,765	–	75,765
Swiss Franc	58,841	–	58,841	56,126	–	56,126
Euro	51,806	–	51,806	90,962	–	90,962
Singapore Dollar	49,702	–	49,702	58,395	–	58,395
Malaysian Ringgit	49,357	–	49,357	43,300	–	43,300
Thailand Baht	46,204	–	46,204	36,043	–	36,043
Canadian Dollar	42,723	–	42,723	56,628	–	56,628
Swedish Krone	37,899	–	37,899	21,270	–	21,270
Hong Kong Dollar	36,711	–	36,711	35,487	–	35,487
New Zealand Dollar	22,619	–	22,619	20,409	–	20,409
Polish Zloty	15,947	–	15,947	–	–	–
Australian Dollar	12,796	–	12,796	13,908	–	13,908
Brazilian Real	12,125	–	12,125	13,037	9,009	22,046
South African Rand	9,712	–	9,712	17,926	–	17,926
Indian Rupee	–	1	1	–	–	–
	1,160,004	40	1,160,044	1,264,226	9,147	1,273,373
Sterling	161,681	(177,089)	(15,408)	214,280	(180,577)	33,703
Total	**1,321,685**	**(177,049)**	**1,144,636**	**1,478,506**	**(171,430)**	**1,307,076**

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

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

Foreign currency sensitivity

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

	2018 Capital[A] £'000	2017 Capital[A] £'000
US Dollar	37,671	48,181
Taiwan Dollar	12,313	13,849
Mexican Peso	8,988	–
Euro	–	9,096
Indonesian Rupiah	–	8,440
Japanese Yen	–	7,577
Total	**58,972**	**87,143**

[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 13, 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 2018 would have increased/decreased by £132,169,000 (2017 – increase/decrease of £147,851,000) 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 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**

At 31 December 2017	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	60,000	15,000	50,000	–	60,000	–	185,000
Interest cash flows on bank loans	2,497	2,383	1,657	1,028	513	–	8,078
Cash flows on other creditors	2,887	–	–	–	–	–	2,887
	65,384	**17,383**	**51,657**	**1,028**	**60,513**	**–**	**195,965**

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 2018 was as follows:

	2018		2017	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Quoted preference shares and bonds at fair value through profit or loss	263,481	263,481	281,393	281,393
Current assets				
Current taxation	2,302	2,302	1,225	1,225
Amounts due from brokers	–	–	9,008	9,008
Other debtors	46	46	67	67
Accrued income	12,171	12,171	12,472	12,472
Cash and short term deposits	7,627	7,627	4,296	4,296
	285,627	**285,627**	**308,461**	**308,461**

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 2018 and 31 December 2017:

	2018 £'000	2017 £'000
A3	24,114	23,821
Ba1	–	19,922
Ba2	29,662	31,578
Baa2	60,256	12,858
Ba3	11,557	12,468
Baa3	72,079	111,654
Non-rated	65,813	69,092
	263,481	**281,393**

At 31 December 2018 Moodys credit ratings agency did not provide a rating for Ecuador bonds, Indian bonds, Turkish bonds and Irredeemable preference shares (2017 – 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 "Delivering the Investment Policy" on page 15 and "Investment Process, Philosophy and Style" on page 13.

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £185,877,000 as at 31 December 2018 (2017 – £186,221,000) compared to a carrying amount in the financial statements of £184,676,000 (2017 – £184,735,000) (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.

18. Fair value hierarchy

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

As at 31 December 2017	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,478,506	–	–	1,478,506
Quoted preference shares	b)	–	8,652	–	8,652
Quoted bonds	b)	–	272,741	–	272,741
Total		**1,478,506**	**281,393**	**–**	**1,759,899**

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.

19. 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.

20. 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 pages 41 and 42.

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

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 total return involves investing the same net dividend in the NAV of the Company with debt at fair value on the date on which that dividend was earned. Share price total return involves reinvesting the net dividend in the month that the share price 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 2018 and 31 December 2017.

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%**

2017	Dividend rate	NAV	Share price
31 December 2016	N/A	1,135.73p	1,188.00p
5 January 2017	10.50p	1,145.90p	1,170.00p
6 April 2017	16.00p	1,217.37p	1,195.00p
6 July 2017	11.00p	1,203.48p	1,228.00p
5 October 2017	11.00p	1,252.79p	1,304.00p
31 December 2017	N/A	1,251.41p	1,268.00p
Total return		**+14.7%**	**+11.0%**

Dividend cover

Revenue return per share of 49.6p (2017 – 51.8p) divided by dividends per share of 51.5p (2017 – 50.0p) expressed as a ratio.

Net gearing

Net gearing measures the total borrowings of £184,676,000 (31 December 2017 – £184,735,000) less cash and cash equivalents of £7,627,000 (31 December 2017 – £13,304,000) divided by shareholders' funds of £1,419,588,000 (31 December 2017 – £1,599,129,000), expressed as a percentage.

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.

Alternative Performance Measures continued

	2018	2017
Investment management fees (£'000)	8,315	7,973
Administrative expenses (£'000)	1,981	2,044
Less: non-recurring charges (£'000)	(65)	(52)
Ongoing charges (£'000)	**10,231**	**9,965**
Average net assets (£'000)	**1,475,433**	**1,554,592**
Ongoing charges ratio	**0.69%**	**0.64%**

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations, which is different to the AIC methodology above.

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 2018 had approximately £557.1 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 2018 had approximately £57.1 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 Senior Investment Manager

Bruce Stout and Aberdeen's Global Equity Team

Bruce Stout and Aberdeen's Global Equity team are responsible for managing Murray International Trust PLC. The investment management team is responsible for the construction of global equity portfolios. Bruce Stout is a senior investment manager 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.

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 as detailed on page 13. 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 Equity Buy List" which is constructed by each of the specialist country desks.

This list contains all buy (and hold) 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 Buy List, 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 17 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 2018/2019 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 2018/2019. 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.

Investor Information continued

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).

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 (formerly Capita) 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, 40 Princes Street, Edinburgh EH2 2BY 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@aberdeen-asset.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 contact:

Telephone: 0808 500 4000
Email: aam@lit-request.com

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; Alliance Trust Savings; 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 www.fca.org.uk/firms/systems-reporting/register/search 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 March 2018.

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 17 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by 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 82) and the remuneration disclosures in respect of the AIFM's reporting period for the period 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 2018	1.12	1.12

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 81 to 83 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 and Definitions

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.
AAM	Aberdeen Asset Managers Limited has been delegated responsibility for day to day management. AAM is authorised and regulated by the Financial Conduct Authority.
AIC	The Association of Investment Companies - the AIC is the trade body for closed-ended investment companies (**theaic.co.uk**).
AIFMD	The Alternative Investment Fund Managers Directive - The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITS (Undertakings for Collective Investments in Transferable Securities) fund and which is managed/marketed in the EU. The Company has been designated as an AIF.
Alternative Performance Measure or APM	An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.
Benchmark	The Company's benchmark is a composite index comprising 40% of the FTSE World UK Index and 60% of the FTSE World ex-UK Index.
Brexit	The outcome of the UK referendum held on 23 June 2016 to withdraw the UK's membership of the European Union.
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	The Directors are keen to encourage the use of 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).
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.
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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and eleventh Annual General Meeting of Murray International Trust PLC (registered in Scotland under company number SC006705) will be held at 12.30 pm on 25 April 2019 at the Glasgow Royal Concert Hall, 2 Sauchiehall Street, Glasgow G2 3NY 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 2018.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 December 2018 (other than the Directors' Remuneration Policy).
3. To re-elect Mrs A Mackesy* as a Director of the Company.
4. To re-elect Mr P W Dunscombe* 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 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 re-appoint Ernst & Young LLP as auditor of the Company.
10. To authorise the Directors to fix the remuneration of the auditor.
11. THAT a final dividend of 17.0p per Ordinary share in respect of the year ended 31 December 2018 be paid on 17 May 2019 to holders of the Ordinary shares of 25p in the capital of the Company on the register at close of business on 5 April 2019.

Special Business

As special business to consider and, if thought fit, pass the following resolutions in the case of resolution 11 as an Ordinary Resolution 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 Companies Act 2006 (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 £3,218,664 (representing 10% of the total Ordinary share capital of the Company in issue on 7 March 2019) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2020, 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 2020, 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 £3,218,664 (representing 10% of the total Ordinary share capital of the Company in issue on 7 March 2019); and

(iii) in the circumstances detailed in the section headed "Issue of Shares" on page 38 of the Annual Report and at a price not less than 0.5% above the net asset value per share from time to time (as determined by the Directors and excluding Treasury shares).

This power applies to a sale of Treasury shares which is an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first paragraph of this Resolution the words "pursuant to the authority given in accordance with Section 551 of the Act by Resolution Number 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 19,299,111 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 2020, 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.

* The biographies of the Directors are detailed on pages 30 to 32 of this Annual Report.

40 Princes Street
Edinburgh
EH2 2BY
22 March 2019

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 23 April 2019 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 7 March 2019 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consisted of 128,746,576 Ordinary shares carrying one vote each on a poll. Therefore, the total voting rights in the Company as at 7 March 2019 are 128,746,576.

(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 23 April 2019. 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 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 23 April 2019. 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 23 April 2019.

(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) Details of resolutions 2 to 14 are shown in the Annual Report as follows:-

Resolution 2	Pages 40 to 42	Directors' Remuneration Report
Resolutions 3 – 8	Pages 30 to 32	Directors
Resolutions 9 & 10	Page 44	Auditor
Resolution 11	Page 4	Final dividend
Resolutions 12 - 14	Pages 38 and 39	Authority to issue and effect buy backs of shares

General
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 25 April 2019 at 12.30 p.m. at the Glasgow Royal Concert Hall, 2 Sauchiehall Street, Glasgow G2 3NY.

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

Financial Calendar

25 April 2019	Annual General Meeting at the Glasgow Royal Concert Hall, 2 Sauchiehall Street, Glasgow G2 3NY at 12.30 p.m.
17 May 2019	Payment of proposed final dividend for 2018 (17.0p)
August 2019	Half yearly results to 30 June 2019 announced
17 August 2019	Payment of first interim dividend for 2019
19 November 2019	Payment of second interim dividend for 2019
19 February 2020	Payment of third interim dividend for 2019

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 further updated. Copies are available on the website, www.murray-intl.co.uk/en/itmurrayinternational/literature or from the Company Secretary.

General

Contact Addresses

Directors

K J Carter (Chairman)
P W Dunscombe
C Binyon (*appointed 1 May 2018*)
M Campbell
D Hardie
A Mackesy

Secretaries and Registered Office

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

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
(*formerly Capita 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

Ernst & Young LLP ("EY")

United States Internal Revenue Service FATCA Registration Number (GIIN)

8Y8Z2N.99999.SL.826

Legal Entity Identifier (LEI)

549300BP77JO5Y8LM5

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