



# Murray Income Trust PLC

Half Yearly Report 31 December 2023

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

[murray-income.co.uk](http://murray-income.co.uk)



# Contents

## Overview

Performance Highlights	1
Financial Calendar, Dividends and Highlights	2
Chair's Statement	4
Investment Manager's Report	7
Ten Largest Investments	10
Investment Portfolio	11
Investment Case Studies	13
Interim Board Report	14
Condensed Statement of Comprehensive Income (unaudited)	15
Condensed Statement of Financial Position (unaudited)	16
Condensed Statement of Changes in Equity (unaudited)	17
Condensed Statement of Cash Flows (unaudited)	18
Notes to the Financial Statements	19
Alternative Performance Measures ("APMs")	27
Keeping You Informed	30
Additional Shareholder Information	33

## Investment Objective

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

## Benchmark

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

Front cover image:  
Looking East along the  
River Clyde, Glasgow,  
to the Clyde Arc and  
the Finnieston Crane.

# Performance Highlights

## Net asset value total return<sup>AB</sup>

Six months ended 31 December 2023

**+4.5%**

Year ended 30 June 2023

+8.8%

## Share price total return<sup>A</sup>

Six months ended 31 December 2023

**+6.2%**

Year ended 30 June 2023

+4.9%

## Benchmark total return

Six months ended 31 December 2023

**+5.2%**

Year ended 30 June 2023

+7.9%

## Ongoing charges<sup>A</sup>

Forecast year to 30 June 2024

**0.51%**

Year ended 30 June 2023

0.50%

## Earnings per share (revenue)

Six months ended 31 December 2023

**14.2p**

Six months ended 31 December 2022

16.3p

## Dividend per Ordinary share

Year ended 30 June 2023

**37.50p**

Year ended 30 June 2022

36.00p

## Discount to net asset value<sup>AB</sup>

As at 31 December 2023

**6.9%**

As at 30 June 2023

8.2%

## Dividend yield<sup>A</sup>

As at 31 December 2023

**4.3%**

As at 30 June 2023

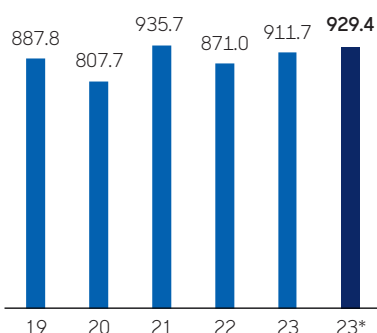
4.5%

<sup>A</sup> Considered to be an Alternative Performance Measure as set out on pages 27 to 29.

<sup>B</sup> With debt at fair value.

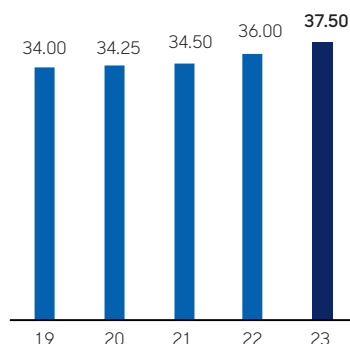
## Net asset value per share<sup>B</sup>

At 30 June (\*31 December) – pence



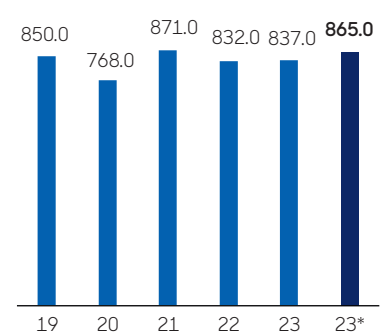
## Dividends per share

Year ended 30 June – pence



## Mid-Market price per share

At 30 June (\*31 December) – pence



# Financial Calendar, Dividends and Highlights

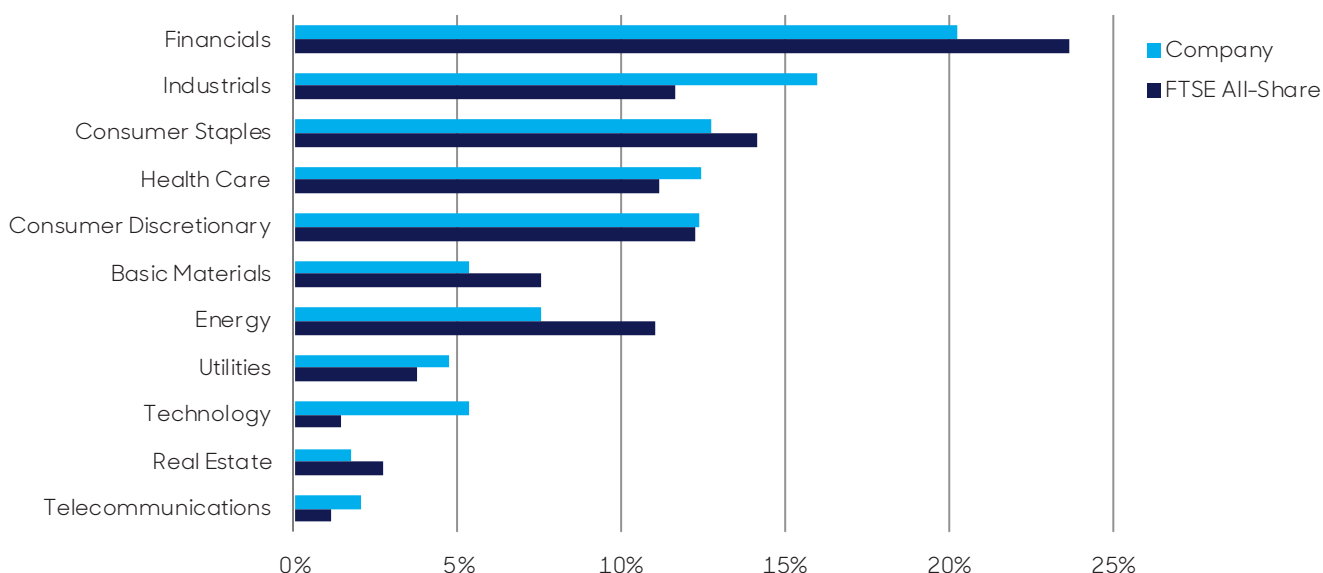
## Financial Calendar

Payment dates of quarterly dividends	<b>March, June, September, December</b>
Financial year end	<b>30 June</b>
Expected announcement date of annual results	<b>September</b>
Annual General Meeting (London)	<b>5 November 2024</b>

## Dividends

	Rate	Ex-dividend date	Record date	Payment date
First interim	9.50p	16 Nov 2023	17 Nov 2023	14 Dec 2023
Second interim	9.50p	15 Feb 2024	16 Feb 2024	14 Mar 2024
Third interim	9.50p	16 May 2024	17 May 2024	13 Jun 2024

## Investment Portfolio by Sector as at 31 December 2023



“The Company has prospered over the years through multiple economic, social and political crises. There are many good reasons to believe that it will continue to thrive in the years to come.”

Peter Tait, Chair

# Chair's Statement

Having taken over as Chair of Murray Income Trust plc (the "Company") at the Centenary Annual General Meeting ("AGM") in November 2023, I am delighted to present my first Half-Yearly Report for the Company for the six months ended 31 December 2023 (the "Period"). Last year was historic for the Company. Not only did it celebrate its centenary, it also increased its annual dividend for the 50th consecutive year, giving it one of the longest records of progressive dividend growth in the investment trust sector. Our aim is to continue the trend of capital and income growth which we have seen over many years - and a dividend yield of 4.5% at 31 December 2023 is a good place to start.

The Board also welcomed the announcement by abrdn plc, in December 2023, that it had commenced a programme whereby it would purchase shares in the Company equivalent to six months' management fees.

## Performance

The Company's net asset value ("NAV") per share (with debt at fair value) increased by 4.5% over the Period, as compared to the rise of 5.2% in the FTSE All-Share Index (the "Benchmark"), both figures in total return terms. The fair value of the Company's long-term debt was adversely affected by interest rate movements during the Period, which weighed on the Company's NAV return. The share price total return was 6.2% following a narrowing of the discount from 8.2% to 6.9%.

	Year ended 31 December 2023	3 years ended 31 December 2023	5 years ended 31 December 2023
Cumulative Performance (total return)	%	%	%
Share price	7.3	17.4	47.1
Net asset value per Ordinary share <sup>A</sup>	8.9	21.6	46.0
FTSE All-Share Index	7.9	28.1	37.7

<sup>A</sup>With debt at fair value

## Investment Team

abrdn is our appointed investment management company. Charles Luke has been our lead portfolio manager since 2006 and works alongside co-manager Iain Pyle and Rhona Millar as part of abrdn's Developed Markets Equities team.

## Investment Process

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

## Annual General Meeting ("AGM")

The 2023 AGM for the Company was held in Glasgow on 7 November 2023, celebrating the centenary of its launch in that city in 1923. The Company was initially called "The Second Scottish Western Investment Company", changing its name to Murray Income Trust plc in 1984, at which time it also altered its remit to invest for a high and growing income from a portfolio of predominantly UK equities. It was encouraging to see such a strong and enthusiastic turn-out for this special event.

A further centenary event for the Company was held in December 2023 when I, as Chair, had the pleasure of officiating at the closing ceremony of the London Stock Exchange, where I was joined by most of the Board, representatives from abrdn and our corporate broker, as well as the three most recent former Chairs.

## Board

Following the retirement of Neil Rogan and resignation of Merryn Somerset Webb at the conclusion of the 2023 AGM, the Board was delighted to announce the appointment of Angus Franklin as a new non-executive director from 1 January 2024. Angus joined the Board following a distinguished career in various senior investment roles with Bailie Gifford & Co. Having, myself, assumed the role as Chair, my former position as Senior Independent Director is now held by Alan Giles who has been a Board member for three years. The other members of the Board are Stephanie Eastment, as Chair of the Audit Committee, and Nandita Sahgal Tully, who specialises in investment and ESG matters.

## Dividend

The dividend for the year ended 30 June 2023 was increased by 4.2% to 37.5p per share, giving a year-end historic yield for the Company of 4.5%. Whilst intending to maintain the Company's progressive dividend policy for the year to 30 June 2024, the Board also decided to rebalance the quarterly dividend pay-outs, allowing shareholders to access more quickly and more evenly their dividend income throughout the year. As announced in November 2023, the first three dividend payments for the year ended 30 June 2024 are 9.5p per share (previously 8.25p per share). As a result, the fourth interim dividend will be lower than that for last year but it is anticipated to be not less than 9.5p per share, giving an expected total for the year of a minimum of 38.0p per share.

## Share Capital

The Board constantly monitors the level of the share price discount to NAV and buys back shares when market conditions suggest that this may reduce discount volatility. In addition, all share buybacks are at a discount to NAV and are accretive to the Company. To that end, the Company bought back 3,686,219 Ordinary shares of 25p into treasury during the Period, representing 3.3% of shares in issue at 30 June 2023. As a result, at 31 December 2023, the Company had 108,033,782 Ordinary shares of 25p in issue with voting rights and an additional 11,495,750 shares held in treasury.

## Environmental, Social and Governance ("ESG")

ESG considerations are deeply embedded into the company analysis carried out by our Manager with the aim of mitigating risk and enhancing returns. There is frequent dialogue with investee companies, focused on ensuring that the companies in the portfolio are acting in the best long-term interests of both their shareholders and society at large. By way of example, the Investment Manager's Report describes engagement during the Period with **Standard Chartered**, **National Grid** and **London Stock Exchange Group**.

It is important to note that the policy pursued by our Manager on our behalf is dynamic rather than static. ESG conclusions can evolve if the inputs change: for example, one might reassess Russia's invasion of Ukraine or the conflict in the Middle East and conclude that the social factor of national security and safety is more important now than previously considered.

## Update

At 29 February 2024 (the latest practicable date prior to approval of this Report), the net asset value per share (with debt at fair value) and share price were 906.98p and 821.00p, respectively. Accordingly, for the period from 31 December 2023 to 29 February 2024, the net asset value total return (with debt at fair value) and share price total return were -1.4% and -4.0%, respectively, while the Benchmark total return was -1.1%.

## Outlook

The previous calendar year (2023) was a mixed bag for equity markets with a strong recovery in technology stocks, resulting in a 25% gain in the US S&P index, but a more modest 7.9% increase in the UK FTSE All-Share Index, the Company's own benchmark. With other non-UK markets also performing well during the year, the portfolio benefited from its near 20% exposure to overseas stocks including **Accton Technology**, **Novo Nordisk** and **VAT Group**, which each rose by more than 20% in the six months ended 31 December 2023.

# Chair's Statement

## Continued

As we turn our attention to 2024, one question I am asking myself is why has the UK market been a laggard and what might cause the situation to improve in the months and years ahead? There is, of course, never one definitive reason for market performance, but such reasons could include higher than anticipated inflation and interest rates, the impact of the Ukraine war on energy supply and utility bills, a lack of technology stocks in the Benchmark, a continuing Brexit hangover (dissuading foreign investors from the market) and the sharp reduction in equity exposure, particularly UK equity exposure, by UK Defined Benefit pension schemes. Information published by the Pensions and Lifetime Savings Association shows that, 20 years ago, UK Defined Benefit pension schemes invested about half of their assets in UK equities, but that this had fallen to only about 3% by 2023.

As a result, as noted in the Investment Manager's Report, the UK market now looks very cheap compared to its own history and to international markets. Of course, there will be headwinds along the way, but interest rate trends are usually very important for equity market movements. The anticipation of falling UK interest rates later this calendar year could attract the attention of potential investors, particularly given the appealing combination of a market dividend yield of 4.0% and forecast dividend and earnings growth in 2024, according to a Bloomberg consensus of estimates in January, of 9.2% and 10.1%, respectively, despite the lacklustre outlook for overall economic growth.

From a Murray Income shareholder perspective, your starting point is a higher yield of 4.6%, and the shares standing on a 9.5% discount to net asset value (as at the date of this Report, with debt at fair value). The potential, therefore, for positive returns from owning the Company's shares is encouraging, with a good yield and the capacity for earnings growth, together with a discount to net asset value at present. Markets can be blown off-course by many exogenous factors, and there remain significant risks in the current geo-political situation, emanating from the continuing Russian war in Ukraine, the current Middle East crisis, and tensions between China and both Taiwan and the USA, not to mention the fact that nearly half of the world's population will be participating in general elections during the course of 2024. But the Company has prospered over the years through multiple economic, social and political crises. There are many good reasons to believe that it will continue to thrive in the years to come.

For a more detailed review of the UK market and the outlook for the Company's portfolio, please see the Investment Manager's Report on pages 7 to 9.



**Peter Tait**  
Chair

5 March 2024



# Investment Manager's Report

The Company generated a positive Net Asset Value ("NAV") per share (with debt at fair value) return of 4.5% for the six months ended 31 December 2023 (the "Period"). This underperformed the Company's Benchmark (the FTSE All-Share Index ) which returned 5.2% (both figures calculated on a total return basis).

From a style perspective, the portfolio's Quality bias continued to be a headwind to performance (albeit to a lesser extent than during the first half of the calendar year) as the Value factor outperformed. In sector terms, the portfolio's overweight position in the Consumer Discretionary sector and underweight exposure to the Financials sector benefited performance. In contrast, the overweight position in the Industrials sector detracted from relative performance, as did the underweight exposure to the Basic Materials sector. The holdings in **Sage**, **TotalEnergies** and **Vistry** were the most beneficial to relative returns while the holdings in **Rentokil Initial** and **Diageo** detracted the greatest, relatively. Not holding **Shell** and **Rolls-Royce** also detracted from performance.

Two new holdings were purchased for the portfolio during the Period. The first addition was the leading global actuator business, **Rotork**, which has strong quality characteristics and under-appreciated growth opportunities. Drivers of growth include their electric actuator product which is used to reduce methane emissions in the Oil & Gas sector, which is increasingly a priority as the industry looks to meet emission reduction targets. The second new entrant was US-listed **Mastercard**, which we see as having attractive quality characteristics, including strong competitive positioning and high barriers to entry, as well as having multiple long-term growth opportunities. The Company's ability to own overseas holdings allows the portfolio to access an industry not available through the UK market. Further information on **Rotork** and **Mastercard** may be found in the case studies on page 13.

Three holdings were sold during the Period: **Croda**, where our conviction in the long-term strategy deteriorated, while the valuation remains high; **Marshalls**, where we had concerns around the trading environment and potential implications for the company's balance sheet; and **Drax**, due to increasing uncertainty around the long-term business model.

Other trading related to managing position sizes, reflecting conviction levels. In the utilities sector, **National Grid** was added to while **SSE** was reduced. In healthcare, we reduced **Smith & Nephew** and added to **ConvaTec**. In the mining sector, the position in **BHP** was reduced and proceeds reinvested in **Anglo American**. The holding in **Mondi**, which reached an agreement to sell its Russian business in September, was added to. The holdings in **Rentokil Initial** and **Games Workshop** were added to following trading statements which led to weakness in the shares, as we remain more positive on the longer-term outlooks for both companies. The holding in **VAT Group** was trimmed following strong share price performance, which made the valuation less attractive. The position in **Vistry** was reduced given it appears there is a low likelihood of dividend payments, with the company instead favouring buybacks. Further trades included adding to **bp**, **Diageo**, **Intermediate Capital**, **L'Oréal**, **Oxford Instruments**, **Oversea-Chinese Banking Corp** and **RS Group** while trimming **AstraZeneca**, **Coca-Cola HBC**, **Inchcape**, **Novo Nordisk**, **RELX** and **Safestore**.

We continued our measured option-writing programme which is based on our fundamental analysis of holdings in the portfolio. We believe that the option-writing strategy, which we have now employed for well over a decade, is of benefit to the Company by diversifying and modestly increasing the level of income generated and providing headroom to invest in companies with lower starting yields but better dividend and capital growth prospects. The Company also bought back shares, representing 3.3% of the shares in issue, during the Period.

One of the tenets of our investment philosophy is the belief that in order to grow dividends over the long term a company needs to grow its earnings and that high quality companies are best placed to do that. We believe that the portfolio is well positioned to do just this. Looking at the portfolio from a quantitative perspective at 31 December 2023, typical measures of portfolio quality such as returns measures and earnings stability were high in absolute terms and considerably better than the Benchmark (for example, in aggregate, the return on equity and return on assets of the portfolio holdings was 20.7% and 7.5% respectively, compared to the Benchmark at 15.8% and 5.3%, respectively). Furthermore, the portfolio generates a dividend yield approximately in line with the Benchmark. At 31 December 2023, the portfolio traded on a forward P/E multiple of 14.5x compared to the Benchmark on 11.5x: more expensive but to our minds a reasonable price to pay for a considerably better quality portfolio and one still very attractively valued in absolute terms.

# Investment Manager's Report

## Continued

### Environmental, Social and Governance ("ESG")

ESG issues are discussed as part of our regular engagement with portfolio companies' management. However, we also engage on a variety of specific issues outside our regular meetings cycle. It should be noted that given the Quality threshold inherent in the portfolio, these meetings are rarely about issues for which we hold significant concerns. To provide some examples of the variety of engagements during the Period: firstly, we met with the Head of Sustainable Finance at **Standard Chartered** to discuss the steps the bank is taking to reach its sustainable finance targets. Secondly, we engaged with **National Grid** to discuss their approach to securing public consent among those communities that are likely to be affected by the construction of new infrastructure required to meet the electricity needs in a net-zero economy. Thirdly, we met with **London Stock Exchange Group** to discuss proposed changes to its remuneration policy.

### Market and Economic Background

The UK equity market, as measured by the Benchmark, rose by 5.2% on a total return basis over the Period. The start was characterised by wavering optimism that signs of declines in inflation would bring an end to the rate hiking cycle which has been ongoing since 2022, while on the other hand concerns that the strength of economic data in the US would lead to further rate increases remained. In November 2023, confidence began to build that interest rates across major economies had peaked, leading to an end of year rally for equity markets.

Performance at a sector level was mixed. Aerospace & defence and housebuilding companies performed well but some retail companies struggled. The more domestically focused FTSE 250 Index outperformed the FTSE 100 Index over the Period.

Domestic economic data was generally weak. UK economic activity continued to stagnate with GDP falling by 0.4% in the three months to December 2023, following a 0.1% decline in the three months to September 2023. Consumer confidence strengthened from historically low levels over the Period; conversely, employment data weakened with wage growth slowing and vacancies falling.

Inflation continued to decline from a peak of 11% in 2022, no longer looking like a significant international outlier. This led to a slowing in the pace of rate hikes over the Period, with the Bank of England ("BoE") raising rates by 0.25% in August 2023 but holding at 5.25% at each of the subsequent meetings. Despite the falls in inflation, the BoE Governor, Andrew Bailey, was quick to stress that rates would not be cut in the near future, reiterating the Bank's commitment to bring inflation back within its 2% target.

These inflation trends have been similar in the US and the Eurozone, where inflation fell more quickly than was expected. Central banks in those regions have also held rates flat since late summer. Economic growth in the US has been particularly robust, which led to increased optimism of a soft landing and a strong end to the Period for US markets, with the 'Magnificent 7' technology companies continuing to be strong. In China, economic activity data showed signs of bottoming and monetary and fiscal policy is expected to ease further. Energy prices ended the Period slightly higher, rising strongly on OPEC production cuts and following the Israel-Hamas conflict, but then falling back on concerns about slowing global growth.

### Outlook

We expect the sharp monetary policy tightening over the past 18 months to lead to a slowdown in global economic growth in 2024. For the UK, we currently forecast zero GDP growth in 2024. Inflation is expected to continue to trend downwards but still remains higher than BoE targets and a key focus for markets will be on interest rate cutting cycles and when and how quickly they get under way. The most recent Consumer Prices Index data for the 12 months to January 2024 indicated a reading of 4.2%. At its January 2024 meeting, six members of the BoE's 9-strong Monetary Policy Committee voted to maintain interest rates unchanged, at 5.25%. abrdn's economists expect the BoE to start cutting rates in mid-2024.

Political risk, with a number of significant likely elections including the US and UK this calendar year, and geopolitical risk with, in particular, increased tensions in the Middle East, are likely to remain elevated.

The portfolio is full of high quality, predominantly global businesses capable of delivering appealing long term earnings and dividend growth at a modest valuation. Our focus on quality companies should provide protection through a downturn: those companies with pricing power, high margins and strong balance sheets are better placed to navigate a more challenging economic environment and emerge in a strong position. Furthermore, these quality characteristics are helpful in underpinning the portfolio's income generation.

The valuations of UK-listed companies remain attractive on a relative and absolute basis. Apart from the global financial crisis in 2008/2009 the UK's price/earnings multiple of 10.4x is near its lowest point for 30 years. The UK stockmarket is cheap in absolute terms, relative to history and also relative to global equities. Investors are earning global income at a knock-down price. Moreover, the dividend yield of the UK market remains at an appealing premium to other regional equity markets.

In summary, we feel optimistic that our long-term focus on investments in high quality companies with robust competitive positions and strong balance sheets, which are led by experienced management teams, will be capable of delivering premium earnings and dividend growth.



**Charles Luke and Iain Pyle,**  
**abrdn Investments Limited**  
5 March 2024

# Ten Largest Investments

As at 31 December 2023



## Relx

Relx is a global provider of information and analytics for professionals and businesses across a number of industries including scientific, technical, medical and law. The company offers resilient earnings combined with long term structural growth opportunities.



## AstraZeneca

AstraZeneca researches, develops, produces and markets pharmaceutical products. With a significant focus on oncology and rare diseases the company offers appealing growth potential over the medium term.



## Unilever

Unilever is a global consumer goods company supplying food, home and personal care products. The company has a portfolio of strong brands including Dove, Knorr, Axe and Persil. Over half of the company's sales are to developing and emerging markets.



## Diageo

Diageo produces, distills and markets alcoholic beverages including vodkas, whiskies, tequilas, gins and beer. The company should benefit from attractive long term drivers such as population and income growth, and premiumisation. The company has a variety of very strong brands and faces very limited private label competition.



## TotalEnergies

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



## bp

bp is a fully integrated energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. The company provides an attractive dividend yield and is well placed for the energy transition.



## Sage

Sage is a market leading software business focused on accounting, payroll and payments. The company has a strong product suite and is well placed to benefit from the software automation of its small and mid-sized customers over the medium term.



## London Stock Exchange

London Stock Exchange is a diversified global financial markets infrastructure and data business. The company is highly cash generative and very well placed to benefit from increased spend on data services.



## BHP

BHP Group (formerly BHP Billiton) is a diversified resources group with a global portfolio of high quality assets particularly iron ore and copper. The company combines an appealing dividend yield combined with a strong balance sheet.



## Experian

Experian is a market leader in the provision of credit and marketing services. It maintains one of the largest credit bureaus and offers specialist analytical solutions for credit scoring, risk management and application processing across a number of different markets including financial services, health, retail and government.

# Investment Portfolio

As at 31 December 2023

Investment	Sector	Country	Valuation £'000	Total investments %
Relx	Media	UK	61,004	5.7
AstraZeneca	Pharmaceuticals and Biotechnology	UK	55,071	5.1
Unilever	Personal Care Drug and Grocery Stores	UK	52,113	4.8
Diageo	Beverages	UK	47,636	4.4
TotalEnergies	Oil, Gas and Coal	France	40,680	3.8
bp	Oil, Gas and Coal	UK	39,856	3.7
Sage	Software and Computer Services	UK	38,061	3.5
London Stock Exchange	Finance and Credit Services	UK	37,592	3.5
BHP	Industrial Metals and Mining	UK	32,470	3.0
Experian	Industrial Support Services	UK	31,113	2.9
<b>Top ten investments</b>			<b>435,596</b>	<b>40.4</b>
Intermediate Capital	Investment Banking and Brokerage Services	UK	28,114	2.6
National Grid	Gas Water and Multi-utilities	UK	27,495	2.5
Oversea-Chinese Banking	Banks	Singapore	25,087	2.3
Anglo American	Industrial Metals and Mining	UK	24,210	2.2
Close Brothers	Banks	UK	24,050	2.2
Rentokil Initial	Industrial Support Services	UK	23,951	2.2
SSE	Electricity	UK	22,856	2.1
Howden Joinery	Retailers	UK	22,677	2.1
Inchcape	Industrial Support Services	UK	22,352	2.1
Convatec	Medical Equipment and Services	UK	22,209	2.1
<b>Top twenty investments</b>			<b>678,597</b>	<b>62.8</b>
Microsoft	Software and Computer Services	United States	19,682	1.8
Nordea Bank	Banks	Sweden	18,938	1.8
Safestore Holdings	Real Estate Investment Trusts	UK	18,767	1.7
Oxford Instruments	Electronic and Electrical Equipment	UK	18,653	1.7
Vistry	Household Goods and Home Construction	UK	17,490	1.6
M&G	Investment Banking and Brokerage Services	UK	17,269	1.6
Genus	Pharmaceuticals and Biotechnology	UK	16,344	1.5
Mondi	General Industrials	UK	15,011	1.4
Games Workshop	Leisure Goods	UK	14,894	1.4
Novo-Nordisk	Pharmaceuticals and Biotechnology	Denmark	13,987	1.3
<b>Top thirty investments</b>			<b>849,632</b>	<b>78.6</b>

# Investment Portfolio

Continued

As at 31 December 2023

Investment	Sector	Country	Valuation £'000	Total investments %
OSB	Finance and Credit Services	UK	13,987	1.3
Hiscox	Non-life Insurance	UK	13,523	1.3
Nestlé	Food Producers	Switzerland	13,157	1.2
Kone	Industrial Engineering	Finland	12,983	1.2
L'Oréal	Personal Care Drug and Grocery Stores	France	12,664	1.2
Direct Line Insurance	Non-life Insurance	UK	12,645	1.2
VAT	Electronic and Electrical Equipment	Switzerland	12,324	1.1
RS	Industrial Support Services	UK	12,245	1.1
Standard Chartered	Banks	UK	11,788	1.1
Genuit	Construction and Materials	UK	11,711	1.1
<b>Top forty investments</b>			<b>976,659</b>	<b>90.4</b>
Coca-Cola HBC	Beverages	UK	11,329	1.1
Rotork	Industrial Engineering	UK	11,142	1.0
Accton Technology	Telecommunications Equipment	Taiwan	10,674	1.0
LVMH	Personal Goods	France	10,579	1.0
Telenor	Telecommunications Service Providers	Norway	10,507	1.0
Roche	Pharmaceuticals and Biotechnology	Switzerland	9,397	0.9
Smith & Nephew	Medical Equipment and Services	UK	8,801	0.8
Mastercard	Finance and Credit Services	United States	8,231	0.8
GSK	Pharmaceuticals and Biotechnology	UK	8,138	0.8
Chesnara	Life Insurance	UK	6,901	0.6
<b>Top fifty investments</b>			<b>1,072,358</b>	<b>99.4</b>
Moonpig	Retailers	UK	6,185	0.6
<b>Total investments (51)</b>			<b>1,078,543</b>	<b>100.0</b>

Ordinary shares unless otherwise stated.

# Investment Case Studies



## Mastercard

Mastercard, the US-listed technology company in the global payments industry, was added to the portfolio in the six months ended 31 December 2023. The company has an approximate market capitalisation of \$430bn and the overseas-listed holding adds exposure to a market segment that would be difficult for the portfolio to access through the UK market.

Mastercard's core business is consumer payments processing for credit and debit cards and the business model is a beneficiary of the shift from cash to electronic payments, which will continue to drive earnings growth. Furthermore, business to business flows are also an attractive area for growth. In addition, the company's value-added services business (which includes cyber-security and analytics insights into consumer spending), provides a further avenue for expansion.

The company has a significant competitive advantage, driven by the 'network effect' of issuing over a billion credit cards, accepted by millions of merchants and many financial institutions, as well as the security capabilities enabled by the extensive data these transactions generate. The dividend yield of the stock is relatively modest compared to some of the other holdings in the portfolio but we see potential for strong long-term dividend growth supported by a share buy-back programme.



## Rotork

A constituent of the FTSE 250 Index, with a market capitalisation of approximately £2.7bn, Rotork was introduced to the portfolio during the six months ended 31 December 2023. Rotork operates in the valve industry and is the global leading manufacturer of actuators, selling products and services to industries including Oil & Gas, Industrials, Chemicals, Water and Power.

In the short term, the recovery in oil and gas capex budgets should be a tailwind for the company. In the longer term, the company has a part to play in the energy transition helping to remove methane emissions in oil and gas wells while also enabling the growth of hydrogen and carbon capture, utilisation and storage (CCUS). Rotork is conservatively managed and has strong quality characteristics, such as, for example, attractive margins, a high return on capital employed, high barriers to entry (such as strong brand resonance, certification, reliability and field service) and a net cash balance sheet.

The company's dividend has good scope to grow as earnings increase through a mixture of revenue growth, product mix and operating leverage while the strong balance sheet provides an opportunity for inorganic growth.

# Interim Board Report

## Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties which it has identified, together with the delegated controls it has established to manage the risks and address the uncertainties. These are considered to be materially unchanged as at 31 December 2023, as compared to 30 June 2023. The principal risks and uncertainties are set out in detail on pages 18 to 22 of the Company's Annual Report for the year ended 30 June 2023 ("Annual Report 2023") which is available on the Company's website. The Annual Report 2023 also contains, in note 18 to the Financial Statements, an explanation of other risks relating to the Company's investment activities, specifically market risk, liquidity risk and credit risk, and a note of how these risks are managed.

## Related Party Transactions

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

## Going Concern

The factors which have an impact on the Company's status as a going concern are set out in the Going Concern section of the Directors' Report on pages 42 and 43 of the Annual Report 2023. As at 31 December 2023, there had been no material changes to these factors.

The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with covenants associated with the Senior Loan Notes and bank facilities. As at 31 December 2023, in addition to the £40m 10 year Senior Loan Notes 2027 and £60m 10 year Senior Loan Notes 2029, £6.5m of the Company's three-year £50m multi-currency revolving bank credit facility (the "Facility") was drawn down. On the expiry of the Facility in October 2024, the Company would expect to continue to access a credit facility. However, should acceptable terms for a new credit facility not be forthcoming at that time, any outstanding borrowing will be repaid through the proceeds of sales of portfolio holdings.

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

## US Executive Order No. 14032

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

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- the Half-Yearly Board Report includes a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the Half-Yearly Board Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half-Yearly Financial Report for the six months ended 31 December 2023 comprises the Half-Yearly Board Report, the Directors' Responsibility Statement and the condensed set of Financial Statements.

## For and on behalf of the Board

**Peter Tait**

Chair

5 March 2024



# Condensed Statement of Comprehensive Income (unaudited)

	Notes	Six months ended 31 December 2023			Six months ended 31 December 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	32,687	32,687	-	22,014	22,014
Currency (losses)/gains		-	(59)	(59)	-	626	626
Income	2	17,364	-	17,364	20,869	-	20,869
Investment management fees	4, 13	(551)	(1,287)	(1,838)	(566)	(1,321)	(1,887)
Administrative expenses		(683)	-	(683)	(718)	-	(718)
<b>Net return before finance costs and taxation</b>		<b>16,130</b>	<b>31,341</b>	<b>47,471</b>	19,585	21,319	40,904
Finance costs		(385)	(897)	(1,282)	(359)	(837)	(1,196)
<b>Net return before taxation</b>		<b>15,745</b>	<b>30,444</b>	<b>46,189</b>	19,226	20,482	39,708
Taxation	5	(191)	-	(191)	(259)	-	(259)
<b>Net return after taxation</b>		<b>15,554</b>	<b>30,444</b>	<b>45,998</b>	18,967	20,482	39,449
<b>Return per Ordinary share</b>	6	<b>14.2p</b>	<b>27.7p</b>	<b>41.9p</b>	16.3p	17.6p	33.9p

The total column of this statement represents the profit and loss account of the Company prepared in accordance with FRS 102. 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.

No operations were acquired or discontinued in the period.

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

# Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 December 2023 £'000	As at 30 June 2023 £'000
<b>Fixed assets</b>			
Investments at fair value through profit or loss		1,078,543	1,098,311
<b>Current assets</b>			
Other debtors and receivables		5,900	7,274
Cash and cash equivalents		24,568	15,115
		30,468	22,389
<b>Creditors: amounts falling due within one year</b>			
Derivative financial instruments		(1,371)	-
Other payables		(2,578)	(5,997)
Bank loans	7	(6,497)	(6,378)
		(10,446)	(12,375)
<b>Net current assets</b>		20,022	10,014
<b>Total assets less current liabilities</b>		1,098,565	1,108,325
<b>Creditors: amounts falling due after one year</b>			
2.51% Senior Loan Notes 2027	7	(39,948)	(39,941)
4.37% Senior Loan Notes 2029	7	(68,409)	(69,200)
		(108,357)	(109,141)
<b>Net assets</b>		990,208	999,184
<b>Capital and reserves</b>			
Share capital	8	29,882	29,882
Share premium account		438,213	438,213
Capital redemption reserve		4,997	4,997
Capital reserve		489,332	489,428
Revenue reserve		27,784	36,664
<b>Total Shareholders' funds</b>		990,208	999,184
<b>Net asset value per Ordinary share</b>			
	9		
Debt at fair value		929.4p	911.7p
Debt at par value		916.6p	894.4p

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

# Condensed Statement of Changes in Equity (unaudited)

## Six months ended 31 December 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2023		29,882	438,213	4,997	489,428	36,664	999,184
Net return after tax		-	-	-	30,444	15,554	45,998
Buyback of Ordinary shares for treasury	8	-	-	-	(30,540)	-	(30,540)
Dividends paid	3	-	-	-	-	(24,434)	(24,434)
<b>Balance at 31 December 2023</b>		<b>29,882</b>	<b>438,213</b>	<b>4,997</b>	<b>489,332</b>	<b>27,784</b>	<b>990,208</b>

## Six months ended 31 December 2022

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 July 2022		29,882	438,213	4,997	502,672	33,491	1,009,255
Net return after tax		-	-	-	20,482	18,967	39,449
Buyback of Ordinary shares for treasury	8	-	-	-	(9,296)	-	(9,296)
Dividends paid	3	-	-	-	-	(22,614)	(22,614)
<b>Balance at 31 December 2022</b>		<b>29,882</b>	<b>438,213</b>	<b>4,997</b>	<b>513,858</b>	<b>29,844</b>	<b>1,016,794</b>

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

# Condensed Statement of Cash Flows (unaudited)

	Notes	Six months ended 31 December 2023 £'000	Six months ended 31 December 2022 £'000
<b>Operating activities</b>			
Net return before finance costs and taxation		47,471	40,904
Adjustments for			
Increase in accrued expenses		115	1,114
Overseas withholding tax		(201)	(244)
Decrease in dividend income receivable		1,830	1,600
Increase in interest income receivable		(28)	(47)
Interest paid		(1,508)	(1,177)
Gains on investments		(32,687)	(22,014)
Amortisation of loan note expenses		7	6
Accretion of loan note book cost		(791)	(791)
Foreign exchange losses/(gains)		59	(626)
Increase in other debtors		(417)	(342)
<b>Net cash inflow from operating activities</b>		<b>13,850</b>	<b>18,383</b>
<b>Investing activities</b>			
Purchases of investments		(62,488)	(112,528)
Sales of investments		113,005	135,999
<b>Net cash inflow from investing activities</b>		<b>50,517</b>	<b>23,471</b>
<b>Financing activities</b>			
Dividends paid	3	(24,434)	(22,614)
Buyback of Ordinary shares for treasury	8	(30,540)	(9,296)
Repayment of bank loans		-	(6,755)
Draw down of bank loans		-	6,664
<b>Net cash outflow from financing activities</b>		<b>(54,974)</b>	<b>(32,001)</b>
<b>Increase in cash</b>		<b>9,393</b>	<b>9,853</b>
<b>Analysis of changes in cash during the period</b>			
Opening balance		15,115	20,131
Effect of exchange rate fluctuations on cash held		60	875
Increase in cash as above		9,393	9,853
<b>Closing balance</b>		<b>24,568</b>	<b>30,859</b>
<b>Represented by:</b>			
Cash at bank and in hand		4,675	4,786
Money market funds		19,893	26,073
		<b>24,568</b>	<b>30,859</b>

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

# Notes to the Financial Statements

For the six months ended 31 December 2023

## 1. Accounting policies

**Basis of preparation.** The condensed financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

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

## 2. Income

	Six months ended 31 December 2023 £'000	Six months ended 31 December 2022 £'000
<b>Investment income</b>		
UK dividends	11,738	15,006
Overseas dividends	3,109	3,693
Property income dividends	252	634
	15,099	19,333
<b>Other income</b>		
Deposit interest	25	13
Money Market interest	538	318
Traded option premiums	1,695	1,205
Interest on tax reclaim	7	-
	2,265	1,536
<b>Total income</b>	17,364	20,869

# Notes to the Financial Statements

## Continued

### 3. Dividends

Dividends paid on Ordinary shares deducted from the revenue reserve:

	Six months ended 31 December 2023 £'000	Six months ended 31 December 2022 £'000
2022 fourth interim dividend - 11.25p	-	13,127
2023 first interim dividend - 8.25p	-	9,556
2023 fourth interim dividend - 12.75p	14,100	-
2024 first interim dividend - 9.50p	10,334	-
Return of unclaimed dividends	-	(69)
	<b>24,434</b>	<b>22,614</b>

The first interim dividend for 2024 of 9.50p (2023 - 8.25p) was paid on 14 December 2023 to shareholders on the register on 17 November 2023. The ex-dividend date was 16 November 2023.

A second interim dividend for 2024 of 9.50p (2023 - 8.25p) will be paid on 14 March 2024 to shareholders on the register on 16 February 2024. The ex-dividend date is 15 February 2024.

A third interim dividend for 2024 of 9.50p (2023 - 8.25p) will be paid on 13 June 2024 to shareholders on the register on 17 May 2024. The ex-dividend date is 16 May 2024.

### 4. Management fee and finance costs

The management fee is as reported in the 2023 Annual Report, being a tiered fee based on net assets and calculated as follows:

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

The management fee and finance costs are charged 30% to revenue and 70% to capital.

## 5. Taxation

The expense for taxation reflected in the Condensed Statement of Comprehensive Income is based on the estimated annual tax rate expected for the full financial year. The estimated annual corporation tax rate used for the year to 30 June 2024 is an effective rate of 25% (2023 – 19%).

During the period the Company suffered withholding tax on overseas dividend income of £191,000 (31 December 2022 – £259,000).

## 6. Return per Ordinary share

	Six months ended 31 December 2023		Six months ended 31 December 2022	
	£'000	p	£'000	p
Revenue return	15,554	14.2	18,967	16.3
Capital return	30,444	27.7	20,482	17.6
<b>Total return</b>	<b>45,998</b>	<b>41.9</b>	<b>39,449</b>	<b>33.9</b>
<b>Weighted average number of Ordinary shares in issue</b>	<b>109,756,794</b>		<b>116,250,589</b>	

## 7. Senior Loan Notes and bank loans

**Senior Loan Notes.** The Company has in issue:

- (i) £40,000,000 of 10 year Senior Loan Notes at a fixed rate of 2.51%, redeemable at par on 8 November 2027;
- (ii) £60,000,000 of 15 year Senior Loan Notes at a fixed rate of 4.37% redeemable at par on 8 May 2029.

The Loan Notes rank pari passu and are secured by floating charges over the whole of the assets of the Company and pay interest in half yearly instalments in May and November. The Company has complied with both Note Purchase Agreements: that the ratio of net assets to gross borrowings must be greater than 3.5:1 and that net assets must not be less than £550,000,000.

The fair value of the Loan Notes is shown in note 9. The fair value of the 2.51% Loan Notes is calculated by aggregating the expected future cash flows discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time. The fair value of the 4.37% Loan Notes is based on a comparable quoted debt security and their amortisation is presented as a finance cost, split 70% to capital and 30% to revenue.

# Notes to the Financial Statements

## Continued

	31 December 2023 £'000	30 June 2023 £'000
2.51% Senior Loan Notes	40,000	40,000
Unamortised 2.51% Senior Loan Notes issue expenses	(52)	(59)
	<b>39,948</b>	39,941
4.37% Senior Loan Notes at fair value	73,344	73,344
Amortisation of 4.37% Senior Loan Note	(4,935)	(4,144)
	<b>68,409</b>	69,200
	<b>108,357</b>	109,141

**Bank loans.** The Company has a three year £50 million multi-currency unsecured revolving bank credit facility with Bank of Nova Scotia Limited, committed until 27 October 2024. At the period end the Company had drawn down the facility as shown below:

	31 December 2023			30 June 2023		
	Rate	Currency	£'000	Rate	Currency	£'000
Euro	5.04%	3,300,000	2,860	4.56%	3,300,000	2,832
Swiss Franc	3.05%	1,200,000	1,118	2.80%	1,200,000	1,055
US Dollar	6.65%	1,570,000	1,232	6.31%	1,570,000	1,235
Danish Krona	5.07%	6,850,000	796	4.56%	6,850,000	789
Norwegian Krone	5.77%	6,360,000	491	5.11%	6,360,000	467
			<b>6,497</b>			<b>6,378</b>

## 8. Share capital

	Six months ended 31 December 2023		Year ended 30 June 2023	
	Shares	£'000	Shares	£'000
Allotted, called-up and fully paid:				
Ordinary shares of 25p each: publicly held	108,033,782	27,008	111,720,001	27,930
Ordinary shares of 25p each; held in treasury	11,495,750	2,874	7,809,531	1,952
	<b>119,529,532</b>	<b>29,882</b>	119,529,532	29,882

During the period 3,686,219 (30 June 2023 – 4,970,471) Ordinary shares were bought back for treasury at a cost of £30,540,000 (30 June 2023 – £42,202,000). As at the date of signing this report a further 640,000 shares have been bought back at a cost of £5,377,000.



## 9. Net asset value per Ordinary share

The net asset value and the net asset value attributable to the Ordinary shares at the end of the period follow. These were calculated using 108,033,782 (30 June 2023 - 111,720,001) Ordinary shares in issue at the period end (excluding treasury shares).

	31 December 2023		30 June 2023	
	£'000	Net Asset Value Attributable pence	£'000	Net Asset Value Attributable pence
Net asset value – debt at par	990,208	916.6	999,184	894.4
Add: amortised cost of 2.51% Senior Loan Notes	39,948	37.0	39,941	35.8
Less: fair value of 2.51% Senior Loan Notes	(36,168)	(33.5)	(34,928)	(31.3)
Add: amortised cost of 4.37% Senior Loan Notes	68,409	63.3	69,200	61.9
Less: fair value of 4.37% Senior Loan Notes	(58,299)	(54.0)	(54,900)	(49.1)
<b>Net asset value – debt at fair value</b>	<b>1,004,098</b>	<b>929.4</b>	<b>1,018,497</b>	<b>911.7</b>

## 10. Transaction costs

During the period, expenses were incurred in acquiring or disposing of investments classified at fair value through profit or loss. These have been expensed through capital and are included within gains on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended	Six months ended
	31 December 2023	31 December 2022
	£'000	£'000
Purchases <sup>A</sup>	266	479
Sales <sup>A</sup>	55	82
	<b>321</b>	<b>561</b>

<sup>A</sup> Costs associated with the purchases and sale of portfolio investments in the normal course of the Company's business comprising stamp duty, financial transaction taxes and brokerage.

# Notes to the Financial Statements

## Continued

### 11. Fair value hierarchy

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

**Level 1:** unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

**Level 2:** inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly; and

**Level 3:** inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 December 2023	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted equities	a)	1,078,543	-	-	1,078,543
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	b)	(1,165)	(206)	-	(1,371)
<b>Net fair value</b>		<b>1,077,378</b>	<b>(206)</b>	<b>-</b>	<b>1,077,172</b>

As at 30 June 2023	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted equities	a)	1,098,311	-	-	1,098,311
<b>Net fair value</b>		<b>1,098,311</b>	<b>-</b>	<b>-</b>	<b>1,098,311</b>

a) **Quoted equities.** The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) **Derivatives.** The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis and therefore has been included in Fair Value Level 1.

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

The fair value of the 2.51% Senior Loan Notes have been calculated as £36,168,000 (30 June 2023 - £34,928,000), determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time, compared to carrying amortised cost of £39,948,000 (30 June 2023 - £39,941,000).

The fair value of the 4.37% Senior Loan Notes, have been calculated as £58,299,000 (30 June 2023 - £54,900,000), the value being based on a comparable debt security, compared to carrying amortised cost of £68,409,000 (30 June 2023 - £69,200,000).

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

## 12. Analysis of changes in net debt

	At 30 June 2023 £000	Currency differences £000	Cash flows £000	Non-cash movements £000	At 31 December 2023 £000
Cash and cash equivalents	15,115	60	9,393	-	24,568
Debt due within one year	(6,378)	(119)	-	-	(6,497)
Debt due after one year	(109,141)	-	-	784	(108,357)
<b>Total</b>	<b>(100,404)</b>	<b>(59)</b>	<b>9,393</b>	<b>784</b>	<b>(90,286)</b>

	At 30 June 2022 £000	Currency differences £000	Cash flows £000	Non-cash movements £000	At 31 December 2022 £000
Cash and cash equivalents	20,131	875	9,853	-	30,859
Debt due within one year	(6,507)	(249)	91	-	(6,665)
Debt due after one year	(110,710)	-	-	785	(109,925)
	(97,086)	626	9,944	785	(85,731)

An analysis of cash and cash equivalents between cash at bank and in hand and money market funds is provided in the Statement of Cash Flows.

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

# Notes to the Financial Statements

## Continued

### 13. Transactions with the Manager

The Company has delegated the provision of investment management, secretarial, accounting and administration and promotional services to the Manager.

The amounts charged excluding VAT for the period are set out below:

	Six months ended 31 December 2023 £'000	Six months ended 31 December 2022 £'000
Management fees	1,838	1,887
Promotional activities	212	200
Secretarial fees	38	38
	<b>2,088</b>	<b>2,125</b>

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

	Six months ended 31 December 2023 £'000	Six months ended 31 December 2022 £'000
Management fees	612	635
Promotional activities	212	100
Secretarial fees	19	19
	<b>843</b>	<b>754</b>

No fees are charged in the case of investments managed or advised by the abrdn Group. There were no commonly managed funds held in the portfolio during the six months to 31 December 2023 (2022 - none). The management agreement may be terminated by either party on the expiry of three months written notice. On termination the Manager would be entitled to receive fees which would otherwise have been due up to that date.

### 14. Segmental information

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

**15.** The financial information in this report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 30 June 2023 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified and contained no statement under Section 498 of the Companies Act 2006.

**16.** This Half-Yearly Financial Report was approved by the Board on 5 March 2024.

# Alternative Performance Measures (“APMs”)

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

## Discount to net asset value per Ordinary share with debt at fair value

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

		31 December 2023	30 June 2023
NAV per Ordinary share	a	929.4p	911.7p
Share price	b	865.0p	837.0p
Discount	(b-a)/a	(6.9%)	(8.2%)

## Discount to net asset value per Ordinary share with debt at par value

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

		31 December 2023	30 June 2023
NAV per Ordinary share	a	916.6p	894.4p
Share price	b	865.0p	837.0p
Discount	(b-a)/a	(5.6%)	(6.4%)

## Dividend yield

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

		31 December 2023	30 June 2023
Dividends per share (p)	a	37.50p	37.50p
Share price (p)	b	865.0p	837.0p
Dividend yield	a/b	4.3%	4.5%

The dividend used for 31 December 2023 of 37.50p is presented on a historical basis and represents the amount paid in respect of the year ended 30 June 2023.

# Alternative Performance Measures (“APMs”)

## Continued

### Net gearing

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

		31 December 2023	30 June 2023
Bank loans (£'000)	a	(6,497)	(6,378)
Senior Loan Notes (£'000)	b	(108,357)	(109,141)
Total borrowings (£'000)	c=a+b	(114,854)	(115,519)
Cash (£'000)	d	24,568	15,115
Amounts due to brokers (£'000)	e	(907)	(3,449)
Amounts due from brokers (£'000)	f	-	-
Shareholders’ funds (£'000)	g	990,208	999,184
<b>Net gearing</b>	$-(c+d+e+f)/g$	<b>9.2%</b>	10.4%

### Ongoing charges

The ongoing charges ratio has been calculated based on the total of investment management fees and administrative expenses less non-recurring charges and expressed as a percentage of the average daily net asset values with debt at fair value published throughout the period.

		31 December 2023	30 June 2023
Investment management fees <sup>A</sup> (£'000)	a	3,700	3,804
Administrative expenses <sup>A</sup> (£'000)	b	1,401	1,390
Less: non-recurring charges <sup>B</sup> (£'000)	c	(25)	(8)
<b>Ongoing charges (£'000)</b>	a+b+c	<b>5,076</b>	5,186
<b>Average net assets (£'000)</b>	d	<b>994,510</b>	1,036,020
<b>Ongoing charges ratio</b>	$(a+b+c)/d$	<b>0.51%</b>	0.50%

<sup>A</sup> 31 December 2023 represents the annualised forecast to 30 June 2024.

<sup>B</sup> 31 December 2023 comprises £20,000 Directors recruitment fee, £1,500 relating to legal fees and £3,250 relating to other professional services unlikely to recur. 30 June 2023 comprises £7,000 professional fees relating to discussions with the registrar and £1,000 quick turnaround fee for electronic filing of statutory statements.

The ongoing charges ratio provided in the Company’s Key Information Document is calculated in line with the PRIIPs regulations, which includes financing and transaction costs.

## Total return

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

		Share price	NAV (debt at fair value)	NAV (debt at par)
<b>Six months ended 31 December 2023</b>				
Opening at 1 July 2023	a	837.0p	911.7p	894.4p
Closing at 31 December 2023	b	865.0p	929.4p	916.6p
Price movements	$c=(b/a)-1$	3.3%	1.9%	2.5%
Dividend reinvestment <sup>A</sup>	d	2.9%	2.6%	2.7%
<b>Total return</b>	c+d	6.2%	4.5%	5.2%

		Share price	NAV (debt at fair value)	NAV (debt at par)
<b>Year ended 30 June 2023</b>				
Opening at 1 July 2022	a	832.0p	871.0p	864.9p
Closing at 30 June 2023	b	837.0p	911.7p	894.4p
Price movements	$c=(b/a)-1$	0.6%	4.7%	3.4%
Dividend reinvestment <sup>A</sup>	d	4.3%	4.1%	4.1%
<b>Total return</b>	c+d	4.9%	8.8%	7.5%

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

# Keeping You Informed

**Investors may receive information about the Company via email by registering at the foot of the homepage of the website:**

**[murray-income.co.uk](http://murray-income.co.uk)**

The website also includes current and historic Annual and Half-Yearly Reports, performance data, the latest monthly factsheet issued by the Manager together with links to the Company's share price and recent London Stock Exchange announcements.

If you have any general questions about the Company, the Manager or performance, please send an email to [murray.income@abrdn.com](mailto:murray.income@abrdn.com) or write to:

**Murray Income Trust PLC**  
**1 George Street**  
**Edinburgh EH2 2LL**

Information about the Company, and other investment companies managed by the Manager, may also be found on social media, as follows:

Twitter: [@abrdnTrusts](https://twitter.com/abrdnTrusts)

LinkedIn: [abrdn Investment Trusts](https://www.linkedin.com/company/abrdn-investment-trusts)

## Benchmark

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

## Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed abrdn Fund Managers Limited (the "Manager") as its alternative investment fund manager and BNP Paribas Trust Corporation UK Limited as its depositary under the AIFMD.

The AIFMD requires the Manager to make available to investors certain information around leverage and risk policies prior to such investors' investment in the Company. This information is contained in the PIDD which may be viewed on the Company's website at: [murray-income.co.uk](http://murray-income.co.uk)

The periodic disclosures required to be made by the Manager under the AIFMD are set out on page 101 of the Company's Annual Report for the year ended 30 June 2023.

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

abrdn has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment trust shares, purporting to work for abrdn. abrdn has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for abrdn and any third party making such offers/claims has no link with abrdn.

abrdn does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact the Company using the details in Additional Shareholder Information (see page 33).

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: [fca.org.uk/consumers/scams](http://fca.org.uk/consumers/scams)

## Shareholder Enquiries

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

## Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high and growing income combined with capital growth through investment in a portfolio principally of UK equities, and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.



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

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

### Key Information Document ('KID')

The KID relating to the Company, published by the Manager, can be found on the Company's website, [murray-income.co.uk](http://murray-income.co.uk).

### How to Invest in the Company and other abrdn-managed investment trusts

A range of leading investment platforms and share dealing services let you buy and sell abrdn-managed investment trusts including the shares of the Company.

Many of these platforms operate on an 'execution-only' basis. This means they can carry out your instruction to buy or sell a particular investment trust. But they may not be able to advise on suitable investments for you. If you require advice, please speak to a qualified financial adviser.

### Closure of the abrdn Investment Trust Savings Plans and transfer to interactive investor

In June 2023, abrdn notified existing investors in the abrdn Investment Trust ISA, Share Plan and Investment Plan for Children (the "Plans") that these would close in December 2023.

All investors with a holding or cash balance in the Plans at that date transferred to interactive investor ("ii"). ii previously communicated with planholders in late November 2023 to set up account security to ensure that investors could continue to access their holdings via ii following the closure of the Plans.

Please contact ii for any ongoing support with your ii account on 0345 646 1366, or +44 113 346 2309 if you are calling from outside the UK. Lines are open 8.00am to 5.00pm Monday to Friday. Alternatively you can access the ii website at [www.ii.co.uk/abrdn-welcome](http://www.ii.co.uk/abrdn-welcome).

### Flexibility

Many investment platform providers will allow investors to buy and hold abrdn Investment Trust shares within an Individual Savings Account (ISA), Junior ISA or Self Invested Personal Pension (SIPP), all of which have potential tax advantages. Most will also allow investment on both a lump sum and regular savings basis.

### Costs and service

It is important to choose the right platform for your needs, so take time to research what each platform offers before you make your decision, as well as considering charges. When it comes to charges, some platforms have flat fee structures while others levy percentage-based charges. Typically, you will also pay a fee every time you buy and sell shares, so you need to bear in mind these transaction costs if you are trading frequently. There may also be additional charges for ISA and SIPP investments.

### Can I exercise my voting rights if I hold my shares through an investment platform?

Yes, you should be able to exercise your right to vote by contacting your platform provider. Procedures differ, but some platforms will automatically alert you when new statutory documents are available and then allow you to vote online. Others will require you to contact them to vote. Your chosen platform provider will provide further guidance.

### Getting advice

abrdn recommends that you seek financial advice prior to making an investment decision. If you do not currently have a financial adviser, details of authorised financial advisers in your area can be found at [pimfa.co.uk](http://pimfa.co.uk) or [unbiased.co.uk](http://unbiased.co.uk) (see below). You will pay a fee for advisory services.

# Keeping You Informed

## Continued

### Platform providers

Platforms featuring the Company's shares, as well as the shares of other abrdn-managed investment trusts, include:

- AJ Bell:  
[www.ajbell.co.uk/markets/investment-trusts](http://www.ajbell.co.uk/markets/investment-trusts)
- Barclays Smart Investor:  
[www.barclays.co.uk/smart-investor](http://www.barclays.co.uk/smart-investor)
- Charles Stanley Direct:  
[www.charles-stanley-direct.co.uk](http://www.charles-stanley-direct.co.uk)
- Fidelity: [www.fidelity.co.uk](http://www.fidelity.co.uk)
- Halifax: [www.halifax.co.uk/investing](http://www.halifax.co.uk/investing)
- Hargreaves Lansdown:  
[www.hl.co.uk/shares/investment-trusts](http://www.hl.co.uk/shares/investment-trusts)
- interactive investor (owned by abrdn):  
[www.ii.co.uk/investment-trusts](http://www.ii.co.uk/investment-trusts)

The companies above are shown for illustrative purposes only. Other platform providers are available. The links above direct you to external websites operated by each platform provider. abrdn is not responsible for the content and information on these third-party sites, apart from interactive investor, which is owned by abrdn.

### Discretionary Private Client Stockbrokers

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

### Financial Advisers

To find an adviser who recommends on investment trusts, visit: [unbiased.co.uk](http://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  
at <https://register.fca.org.uk>  
Email: [consumerqueries@fca.org.uk](mailto:consumerqueries@fca.org.uk)

### 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.

# Additional Shareholder Information

## Directors

Peter Tait (Chair)  
Alan Giles (Senior Independent Director)  
Stephanie Eastment (Chair of the Audit Committee)  
Angus Franklin  
Nandita Sahgal Tully

## Company Secretaries, Registered Office and Company Number

abrdrn Holdings Limited  
1 George Street  
Edinburgh EH2 2LL

Registered in Scotland under company number SC012725

## Website

[murray-income.co.uk](http://murray-income.co.uk)

## Points of Contact

The Chair, Senior Independent Director or Company Secretaries c/o the Registered Office of the Company

Email: [murray.income@abrdrn.com](mailto:murray.income@abrdrn.com)

## abrdrn Social Media accounts

X (formerly Twitter) [@abrdrnTrusts](https://twitter.com/abrdrnTrusts)  
LinkedIn: [abrdrn Investment Trusts](https://www.linkedin.com/company/abrdrn-investment-trusts)

## Legal Entity Identifier ("LEI")

549300IRNFGVQIQHUI13

## United States Internal Revenue Service FATCA Registration Number ("GIIN")

8Q8ZFE.99999.SL.826

## Alternative Investment Fund Manager

abrdrn Fund Managers Limited  
280 Bishopsgate  
London EC2M 4AG

Authorised and regulated by the Financial Conduct Authority

## Investment Manager

abrdrn Investments Limited  
10 Queens's Terrace  
Aberdeen AB10 1XL

Authorised and regulated by the Financial Conduct Authority

## Registrar

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

Alternatively, please contact the Registrar -

By email, via the above website

By phone: **0371 664 0300**  
(UK calls cost 10p per minute plus network extras)  
From overseas: **+44 208 639 3399**  
(open Monday to Friday, from 9.00am to 5.30pm, excluding public holidays)

By post -  
Link Group  
PXS1  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

## Depository

BNP Paribas Trust Corporation UK Limited  
10 Harewood Avenue  
London  
NW1 6AA

## Auditor

PricewaterhouseCoopers LLP  
144 Morrison Street  
Edinburgh  
EH3 8EB

## Lawyer

Dickson Minto

## Stockbroker

Investec Bank Limited

For more information visit [murray-income.co.uk](http://murray-income.co.uk)

**abrdn.com**