



# Dunedin Income Growth Investment Trust PLC

Targeting income and long-term growth from mainly UK companies chosen for their quality and commitment to improving sustainability

Performance Data and Analytics to 31 May 2024

## Investment objective

To achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom that meet the Company's Sustainable and Responsible investing criteria as set by the Board.

## Benchmark

FTSE All-Share Index total return.

## Cumulative performance (%)

	as at 31/05/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	285.0p	0.4	5.5	7.2	4.0	3.3	33.2
NAV <sup>A</sup>	317.8p	1.9	5.4	8.9	9.6	13.5	37.1
FTSE All-Share		2.4	9.9	13.6	15.4	25.5	37.3

## Discrete performance (%)

	31/05/24	31/05/23	31/05/22	31/05/21	31/05/20
Share Price	4.0	2.1	(2.7)	30.0	(0.9)
NAV <sup>A</sup>	9.6	6.8	(3.0)	22.8	(1.7)
FTSE All-Share	15.4	0.4	8.3	23.1	(11.2)

Total return; NAV cum income, with net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: abrdn Investments Limited, Lipper and Morningstar.

Past performance is not a guide to future results.

<sup>A</sup> Including current year revenue.

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## Morningstar Sustainability Rating™



## Morningstar Rating™



### <sup>B</sup> Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.



## Twenty largest equity holdings (%)

Unilever	6.3
TotalEnergies	5.8
AstraZeneca	5.4
RELX	5.0
London Stock Exchange	4.9
Diageo	4.2
National Grid	3.5
Intermediate Capital	3.2
Chesnara	3.0
Taylor Wimpey	3.0
SSE	2.9
ASML	2.9
Morgan Sindall	2.5
Games Workshop	2.5
Sirius Real Estate	2.5
Weir	2.5
Prudential	2.4
Volvo	2.3
Telecom Plus	2.3
Sage	2.2
<b>Total</b>	<b>69.3</b>

Total number of investments 37



All sources (unless indicated): abrdn: 31 May 2024.



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## 1 Year Premium/Discount Chart (%)



## Fund managers' report

The FTSE All-Share Index rose once more in May, increasing by 2.4%. Mid and small caps also sharply outperformed, as the market shrugged off any potential concerns over the announcement of a general election on the 4th July. Oil prices notably dropped back reflecting OPEC's decision to gradually reduce its supply curbs.

Over the month we initiated a new holding in Belgian-listed speciality chemical distributor Azelis. We see strong long-term growth prospects as it supplies chemicals to fast growing end markets such as life sciences. The business model is capital-light, supported by very robust pricing power operating in territories where they are often the sole supplier and where they add significant value through blending their own combinations. The industry is also very fragmented which provides lots of opportunity for acquisition-led growth.

We also took the opportunity to add to three companies who experienced weaker share prices. Convatec, as a result of a potential absence of reimbursement on a recently acquired wound care product. National Grid, given its announcement of a £7bn rights issue, and Edenred, given speculation over potential regulatory changes in France. All three we believe were harshly treated by a somewhat fickle market and present attractive long term opportunities. In order to fund these additions we reduced our holding in Intermediate Capital Group after very strong performance had stretched the position size above our comfort level and Croda, where the valuation remains elevated for a business facing some challenging end markets and transitioning parts to its operating model. We also wrote a number of options to generate additional income.

## Fund managers' report continues overleaf

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 January 2024. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

<sup>d</sup> Calculated using the Company's historic net dividends and month end share price.

<sup>e</sup> The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

<sup>f</sup> Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

## Sector allocation (%)

Financials	18.9
Consumer Discretionary	15.3
Industrials	15.2
Health Care	11.7
Consumer Staples	10.5
Technology	6.8
Utilities	6.6
Energy	5.8
Real Estate	4.3
Telecommunications	2.3
Cash	2.6
<b>Total</b>	<b>100.0</b>

## Key information

### Calendar

Year end	31 January
Accounts published	March
Annual General Meeting	May
Dividend paid	February, May, August, November
Established	1873
Fund managers	Ben Ritchie Rebecca Maclean
Ongoing charges <sup>c</sup>	0.64%
Annual management fee	0.45% on the first £225m, 0.35% on the next £200m and 0.25% over £425m per annum of the net assets of the Company.
Premium/(Discount) with Debt at Par	(9.2)%
Premium/(Discount) with Debt at fair value	(10.3)%
Yield <sup>d</sup>	4.8%
Active share <sup>e</sup>	77.9%

## Gearing (%)

Net cash/(gearing) <sup>f</sup>	(7.9)
Net cash/(gearing) with debt at market value <sup>f</sup>	(1.3)

## AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

## Assets/Debt

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## Fund managers' report – continued

Towards the end of the month we took the decision to increase our gearing by just over 1%, drawing down an additional £6mn from our revolving credit facility. This reflects the very healthy pipeline of potential investment opportunities that we have open to us. The last time we increased our borrowing was in March 2020 amidst the market turmoil sparked by the pandemic. We also continued to buy back our own shares in the market, seeing the discount at around 10% to net assets as attractive, particularly when we believe the underlying portfolio is on an undemanding rating.

As we wrote last month 2024, has seen an evolving balance between improving global growth prospects and an accompanying rise in bond yields. The macroeconomic picture, while still subdued, looks more encouraging than it did at the turn of the year, particularly for the UK where growth is set to gradually improve, inflation moderate and consumer confidence pick up. Meanwhile the starting valuation of the market, and the portfolio, reflects low expectations and this could provide the opportunity for strong prospective returns. M&A remains a prominent feature and stock buy backs a helpful support. There have even been some signs of international investors returning. A cocktail of a steady economy, declining interest rates and a softer pound could be very compelling for UK equities. That said, risks remain, elevated tensions in the Middle East and Ukraine and the potential impact on energy prices are something to watch and it is likely that strong commodity markets will act as a handbrake on the relative performance of the Trust given our sustainability and quality focus. The announcement of an election looks to have been shrugged off by markets, though we will remain vigilant on policy developments. We shall continue to seek a balance to our positioning giving ourselves the potential to perform in a range of market environments and seek to participate in new opportunities in good companies with attractive long-term prospects and at the same time focus on those that meet our sustainable and responsible investing criteria.

The risk outlined overleaf relating to gearing is particularly relevant to this trust, but should be read in conjunction with all warnings and comments given. Important information overleaf

Gross Assets	£'000	%
Equities – UK	396,059	87.6
– Overseas	89,769	19.9
Total investments	485,828	107.5
Cash & cash equivalents	13,128	2.9
Other net assets	2,192	0.5
Short-term borrowings	(19,270)	(4.3)
3.99% Senior Secured Note 2045	(29,745)	(6.6)
<b>Net assets</b>	<b>452,133</b>	<b>100.0</b>

## Capital structure

Ordinary shares	144,102,627
Treasury shares	9,575,308

## Allocation of management fees and finance costs

Capital	60%
Revenue	40%

## Trading details

Reuters/Epic/Bloomberg code	DIG
ISIN code	GB0003406096
Sedol code	0340609
Stockbrokers	J.P. Morgan Cazenove
Market makers	SETSmm



## Factsheet

Receive the factsheet by email as soon as it is available by registering at [www.abrdn.com/trustupdates](http://www.abrdn.com/trustupdates) [www.dunedinincomegrowth.co.uk](http://www.dunedinincomegrowth.co.uk)



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## Important information

### Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- Certain trusts may seek to invest in higher yielding securities such as bonds, which are subject to credit risk, market price risk and interest rate risk. Unlike income from a single bond, the level of income from an investment trust is not fixed and may fluctuate.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

### Other important information:

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