MURRAY INTERNATIONAL TRUST PLC
Legal Entity Identifier (LEI): 549300BP77JO5Y8LM553

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

1. STRATEGIC REPORT - COMPANY SUMMARY AND FINANCIAL HIGHLIGHTS

Financial Highlights

Net asset value total return{AB}		Share price total return{AB}	
2021	**+14.1%**	**2021**	**+7.2%**
2020	+0.9%	2020	-5.3%

Reference Index total return{BC}		Discount to net asset value{AD}	
2021	**+20.0%**	**2021**	**-6.8%**
2020	+7.0%	2020	-0.7%

Dividends per share{BE}		Revenue return per share{B}	
2021	**55.0p**	**2021**	**51.7p**
2020	54.5p	2020	46.6p

Retail Prices Index{B}		Ongoing charges ratio{AD}	
2021	**7.5%**	**2021**	**0.59%**
2020	1.2%	2020	0.68%

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

2. CHAIRMAN'S STATEMENT

Introduction

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

Performance

The Company's net asset value ("NAV") posted a total return for the year (i.e. with net income reinvested) of 14.1%. The Company has no benchmark, but this performance compares with a rise over the same period of 7.6% for the UK Retail Price Index and a total return for the Reference Index, the FSTE ALL World TR Index, of 20.0%. The share price posted a lower total return of 7.2%, reflecting the widening of the discount to NAV. Income per share generated from the Company's portfolio increased to 51.7p for the year (2020: 46.6p).

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

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

Against the backdrop of a challenging environment for the Company in recent years, it is useful to step back and to look at the Company's performance versus its investment objective over time; there may be particular points in time when inflation spikes cannot be matched but the chart detailed on page 8 of the published Annual Report and financial statements for the year ended 31 December 2021 indicates that, over the longer term, the Company has been delivering on its investment objective to shareholders.

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

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

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

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

In addition, adverse stock selection has clearly also played a part in the recent underperformance as can be seen from the table on page 13 of the published Annual Report and financial statements for the year ended 31 December 2021. The Board continues to challenge the Manager to identify investment opportunities with an acceptable yield that also have attractive growth prospects and are able to balance successfully the need for income with the Company's desire to deliver capital growth over time. Recent changes in the portfolio are referred to in the Investment Manager's Review.

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

which stood at 4.8% at year end. This represents the 17th year of dividend increases for the Company, which remains an AIC 'Next Generation Dividend Hero'.

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

Gearing

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

Annual General Meeting ("AGM") and Online Presentation

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

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

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

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

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

Management of Discount and Premium

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

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

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

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

Environmental, Social and Governance

As part of its responsible stewardship of shareholders' assets, your Board continues to engage actively with the Manager with regard to the ongoing assessment and further integration of Environmental, Social and Governance ("ESG") factors in the Manager's investment process. The Board receives regular assessments of the Company's holdings and portfolio, including a MSCI fund ratings report which currently gives the Company's portfolio a rating of 'AA' (2020: 'A'). Further information on the important work undertaken on ESG by the Manager is provided in the Strategic Report on pages 21 to 27 of the published Annual Report and financial statements for the year ended 31 December 2021.

Climate Change

Your Board supports the principle of further regulation to promote climate change disclosures and considers that the related physical, transition and litigation risks are becoming increasingly likely and financially material. Without becoming prescriptive on specific investment criteria, the Board's desire is for the Manager to build an increasingly resilient portfolio and to seek to exploit opportunities arising from a net zero economy, in so far as this is consistent with the Company's investment objective. A key ingredient in building such a portfolio is meaningful, regular and continuing dialogue between the Manager and high emitting investee companies, with a view not only to understanding the risk exposure and evolving business models better, but also to influencing corporate behaviour.

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

Directorate

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

Outlook

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

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

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

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

David Hardie
Chairman
3 March 2022

3. INVESTMENT MANAGER'S REVIEW

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

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

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

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

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

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

Portfolio Activity

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

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

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

Performance

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

Top Five Stock Contributors		%*	Bottom Five Stock Contributors		%*
-	Broadcom	0.97	-	Ping An Insurance	-1.10
-	MTN	0.59	-	Banco Bradesco	-0.84
-	Nutrien	0.47	-	Unilever	-0.81

-	GlobalWafers	0.44	-	Verizon Communications	-0.68
-	Cisco Systems	0.41	-	Samsung Electronics	-0.66
-	* % relates to the percentage contribution to return relative to the Reference Index (FTSE All World TR Index)				

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

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

Attribution Analysis

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

	Company	Reference Index[A]	Contribution from:	
			Asset	Stock

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

[A] Reference Index – FTSE All World TR Index

Notes to Performance Analysis

- Asset Allocation effect – measures the impact of over or underweighting each asset category, relative to the Reference Index weights.
- Stock Selection effect – measures the effect of security selection within each category.
- Technical differences – the impact of different return calculation methods used for NAV and portfolio performance
- Source: abrdn plc & BNP Paribas Securities Services Limited.

Global Review

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

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

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

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

Summary of Investment Changes During the Year

		Valuation 31 December 2020		Appreciation/ (depreciation)	Transactions	Valuation 31 December 2021	
		£'000	%	£'000	£'000	£'000	%
Equities							
-	UK	73,372	4.5	1,265	11,235	85,872	5.0
-	Europe ex UK	274,030	16.6	19,819	11,038	304,887	17.5
-	North America	380,614	23.1	90,913	25,369	496,896	28.6

- Asia Pacific ex Japan	489,281	29.7	29,363	(15,325)	503,319	28.9
- Japan	13,848	0.8	(1,052)	(12,796)	–	–
- Latin America	218,535	13.3	3,453	(37,923)	184,065	10.6
- Africa	5,995	0.4	9,799	–	15,794	0.9
	1,455,675	88.4	153,560	(18,402)	1,590,833	91.5
Preference shares						
- UK	7,488	0.5	149	–	7,637	0.4
	7,488	0.5	149	–	7,637	0.4
Bonds						
- Europe ex UK	13,182	0.8	(7,005)	(154)	6,023	0.4
- Asia Pacific ex Japan	69,365	4.2	(1,722)	(15,117)	52,526	3.0
- Latin America	83,621	5.1	(3,781)	(13,137)	66,703	3.8
- Africa	17,074	1.0	(1,564)	80	15,590	0.9
	183,242	11.1	(14,072)	(28,328)	140,842	8.1
Total Investments	1,646,405	100.0	139,637	(46,730)	1,739,312	100.0

Outlook

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

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

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

Bruce Stout, Senior Investment Director

Martin Connaghan, Investment Director

Samantha Fitzpatrick, Investment Director

3 March 2022

4. STRATEGIC REPORT – OVERVIEW OF STRATEGY

THE MANAGER'S INVESTMENT PROCESS AND ESG ENGAGEMENT

The Manager's Investment Process

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

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

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

An overview of the investment process is provided below and further explanation of this process can be found on pages 19 and 106 of the published Annual Report and financial statements for the year ended 31 December 2021.

Reference Index

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

Delivering the Investment Policy

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

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

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

A detailed description of the investment process and risk controls employed by the Manager is disclosed on pages 19 and 106 of the published Annual Report and financial statements for the year ended 31 December 2021 and in note 18 to the financial statements. A comprehensive analysis of the Company's portfolio is disclosed below including a description of the ten largest investments, the portfolio of investments by value and a sector and geographical analysis of investments. The portfolio attribution analysis is in the Investment Manager's Review.

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

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

The Manager's Focus on ESG

Introduction

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

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

Core beliefs: Assessing Risk, Enhancing Value

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

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

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

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

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

Researching Companies: Deeper Company Insights for Better Investor Outcomes

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

abrdn's Global ESG Infrastructure

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

Investment Managers	All abrdn equity investment managers seek to engage actively with companies to gain insight into their specific risks and provide a positive ongoing influence on their corporate strategy for

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

Climate Change

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

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

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

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

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

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

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

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

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

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

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

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

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

From Laggards to Best in Class: Rating Company ESG Credentials

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

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

Some of the key questions include:

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

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

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

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

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

Working with Companies: Staying Engaged, Driving Change
Once abrdn invests in a company, it is committed to helping that company maintain or raise their ESG standards further, using the Manager's position as a shareholder to press for action as needed. abrdn actively engages with the companies in which it invests to maintain ESG focus and encourage improvement.
The Manager sees this programme of regular engagement as a necessary fulfilment of its duty as a responsible steward of clients' assets. It is also an opportunity to share examples of best practice seen in other companies and to use the Manager's influence to effect positive change. The Manager's engagement is not limited to the company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients. What gets measured gets managed, so the Manager strongly encourages companies to set clear targets or key performance indicators on all material ESG risks.

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

Monitor	Contact	Engage	Act
Ongoing due diligence - Business performance	Frequent dialogue - Senior executives - Board members	Exercise rights - Attend AGM/EGMs - Always vote	Consider all options - Increase or decrease our

- Company financials - Corporate governance - Company’s key risks and opportunities	- Heads of departments and specialists - Site visits	- Explain voting decisions - Maximise influence to drive positive outcomes	shareholding - Collaborate with other investors - Take legal action if necessary

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

Investment and ESG Case Studies

GlobalWafers Case Study

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

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

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

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

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

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

Vale ESG Case Study Update

In the 2019 Annual Report we provided shareholders with an update on the Feijao dam collapse in the city of Brumadinho in 2018 and highlighted the Manager's engagement with Vale in the aftermath of the disaster. abrdn's engagement with portfolio companies is a continuous process and this year we are providing shareholders with a detailed update, having seen tangible progress regarding the level of disclosure and detailed information that Vale has provided to investors.

Upstream tailings dam progress

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

Reparations

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

Recycled tailings waste

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

Operational improvements

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

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

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

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

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

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

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

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

On the surface, the Canadian telecom market appears similar to other Western markets in structure, competitive strategy and underlying trends. Canada has three major incumbents in wireless, Telus, Rogers and Bell, with some challengers nipping at the heels. The market has seen average revenue per user (ARPU) erosion due to unlimited pricing plans and device financing while experiencing accelerating broadband pricing growth. Structurally, the Canadian market is small relative to other developed markets, with around 15 million households versus about 129 million in the US. Its population of circa 38 million people makes Canada roughly the same size as California in terms of the addressable market size. However, the market is much more concentrated than the US in terms of population density. While Canada is a vast country with ten provinces and three territories, Ontario, Quebec, Alberta, and British

Columbia account for 87% of the overall population and GDP. The top 5 metro areas of Toronto, Montreal, Vancouver, Calgary and Ottawa account for 43% of the Canadian population. By comparison, the top 5 metro areas in the US accounts for around 17% of the population. This is one of the reasons why, despite Canada's land area being comparable to the US, Canada only requires approximately 13,000 cell towers vs about 340,000 sites in the US.

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

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

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

5. EXTRACTS FROM THE DIRECTORS' REPORT

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

Results and Dividends

Details of the Company's results and proposed dividends are shown on below.

Investment Trust Status

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

Individual Savings Accounts

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

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

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

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

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

The Company used the proceeds of the Loan Note to repay, and cancel in full, the Company's £50 million Revolving Credit Facility with The Royal Bank of Scotland International Limited, London Branch.
An additional £150 million is also available for drawdown by the Company under the new Loan Note facility for a five year period, with the Board's current intention to draw this down only to repay any of the Company's existing debt.

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

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

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

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

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

The Board

The Board currently consists of four non-executive Directors.

The names and biographies of the current Directors are disclosed on pages 52 and 53 of the published Annual Report and financial statements for the year ended 31 December 2021 indicating their range of experience as well as length of service. Dr Carter and Ms Campbell retired from the Board on 23 April 2021 and Mr Fraser died on 9 August 2021 following a short illness.

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

The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively. The reasons for the re-election, where relevant, of the individual Directors are set out on pages 52 and 53 of the published Annual Report and financial statements for the year ended 31 December 2021.

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

The Role of the Chairman and Senior Independent Director

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

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

Management of Conflicts of Interest

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

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest, as required by the Companies Act 2006. As part of this process, the Directors are required to disclose other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his or her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with their wider duties is affected. Each

Director is required to notify the Company Secretary of any potential or actual conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting. All proposed significant external appointments are also required to be approved, in advance, by the Chairman and then communicated to other Directors for information.

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

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

Corporate Governance

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

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

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.
The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

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

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The full text of the Company's Corporate Governance Statement can be found on the Company's website, murray-intl.co.uk.

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

	Scheduled Board	Audit Com	Nom Com	MEC	Rem Com

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

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

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

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

[D] Mr Fraser died on 9 August 2021

Board Committees

Terms of Reference

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

Audit and Risk Committee

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

Management Engagement Committee ("MEC")

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

Nomination Committee

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

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

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

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

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

Remuneration Committee

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

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. Further information on remuneration is disclosed in the Directors' Remuneration Report on pages 61 to 63 of the published Annual Report and financial statements for the year ended 31 December 2021.

Going Concern

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

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

The Directors are mindful of the principal risks and uncertainties disclosed on pages 37 and 38 of the published Annual Report and financial statements for the year ended 31 December 2021 including the continuing global economic disruption caused by the Covid-19 pandemic and have reviewed forecasts detailing revenue and liabilities. Notwithstanding the continuing uncertain economic environment, the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Accountability and Audit
Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware, and he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

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

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

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

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

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria;

- there are specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's investment process and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the internal audit and compliance departments of ASFML continually review the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers and monitoring reports are received from these providers when required;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures; and
- twice a year, at its board meetings, the Board carries out an assessment of internal controls by considering documentation from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

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

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

The Board has reviewed the effectiveness of the Manager's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurances Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organisation". The Board has also reviewed the Manager's process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and, by their nature, can provide reasonable but not absolute assurance against material misstatement or loss.

Discount Management Policy and Special Business at Annual General Meeting

Issue of Shares

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

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

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

Share Buybacks

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

The Directors wish to renew the authority given by shareholders at the last Annual General Meeting. The principal aim of a share buyback facility is to enhance shareholder value by acquiring shares at a discount to NAV, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to NAV per share, should result in an increase in the NAV per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the NAV per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

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

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

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

Recommendation
The Directors consider that the authorities requested above are in the best interests of the shareholders taken as a whole and recommend that all shareholders vote in favour of the resolutions, as the Directors intend to in respect of their own beneficial holdings of Ordinary shares amounting in aggregate to 20,394 shares, representing approximately 0.02% of the Company's issued share capital as at 3 March 2022.
Substantial Interests
The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 December 2021:

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

[A] Non-beneficial interests

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

The UK Stewardship Code and Proxy Voting
Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Manager.

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

By order of the Board of Murray International Trust PLC
Aberdeen Asset Management PLC
Secretary
1 George Street,
Edinburgh EH2 2LL

3 March 2022

6. FINANCIAL HIGHLIGHTS

	31 December 2021	31 December 2020	% change
Total assets{A}	£1,760.9m	£1,661.6m	+6.0
Net assets	£1,561.1m	£1,461.8m	+6.8
Market capitalisation	£1,455.0m	£1,451.4m	+0.2
Net Asset Value per Ordinary share{B}	1,240.3p	1,138.2p	+9.0
Share price per Ordinary share (mid market){B}	1,156.0p	1,130.0p	+2.3

Discount to Net Asset Value per Ordinary share{C}	-6.8%	-0.7%	
Net gearing{C}	12.2%	13.4%	
Revenue return per share	51.7p	46.6p	+10.9
Dividends per share{D}	55.0p	54.5p	+0.9
Dividend cover (including proposed final dividend){C}	0.94x	0.86x	
Dividend yield{C}	4.8%	4.8%	
Revenue reserves{E}	£63.0m	£66.8m	
Ongoing charges ratio{C}	0.59%	0.68%	

{A} See definition on page 113 of the published Annual Report and financial statements for the year ended 31 December 2021

{B} Capital values.

{C} Considered to be an Alternative Performance Measure as defined below.

{D} The figure for dividends per share reflects the years to which their declaration relates (see note 8) and assuming approval of the final dividend of 19.0p (2020 - final dividend of 18.5p).

{E} The revenue reserve figure does not take account of the third interim and final dividends amounting to £15,103,000 and £23,833,000 respectively (2020 - third interim dividend of £15,413,000 and final dividend of £23,748,000).

PERFORMANCE (TOTAL RETURN)

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

{A} Considered to be an Alternative Performance Measure (see below for more details).

{B} Mid to mid.

{C} Reference Index comprising 60% FTSE World ex UK Index/40% FTSE World UK Index up to April 2020 and 100% FTSE All World TR Index from May 2020.

Source: abrdn, Morningstar & Lipper

7. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' Responsibilities

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

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

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

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with their responsibilities, the Directors confirm that, to the best of their knowledge, the Annual Report and financial statements, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the position, performance, business model and strategy.

Website Publication

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

Directors' Responsibilities Pursuant to DTR4

The Directors confirm to the best of their knowledge:

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

For Murray International Trust PLC
David Hardie
Chairman
3 March 2022

8. STATEMENT OF COMPREHENSIVE INCOME

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

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

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

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

9. STATEMENT OF FINANCIAL POSITION

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

10. STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

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

For the year ended 31 December 2020

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

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

11. STATEMENT OF CASH FLOWS

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

12. NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Principal activity

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

2. Accounting policies

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

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. Having taken these factors into account as well as the impact of Covid-19 and having assessed the principal risks and other matters set out in the Viability Statement on page 37 of the published Annual Report and financial statements for the year ended 31 December 2021, the Directors believe that, after making enquiries, the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 57 and 58 of the published Annual Report and financial statements for the year ended 31 December 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) **Cash and cash equivalents.** Cash comprises cash in hand and demand deposits.

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

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

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

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

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

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

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

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

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

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

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

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

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

3. Income

	2021	**2020**

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

4. Investment management fees

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

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

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

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

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

5. Administrative expenses

	2021	2020
	£'000	£'000
Promotional activities{A}	400	400
Secretarial fees{B}	-	100
Registrars' fees	133	151
Directors' remuneration	167	198
Bank charges and custody fees	606	690

Depositary fees	149	136
Stock exchange fees	86	92
Printing and postage	60	88
Irrecoverable VAT	14	2
Auditor's fees for:		
- Statutory audit	32	30
- Other assurance services	3	4
Other expenses	102	75
	1,752	**1,966**

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

{B} Details of the fee basis are contained in note 4.

6. Finance costs

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

7. Taxation

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

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

	2021			2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**

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

The Company has not provided for deferred tax on chargeable gains or losses arising on the revaluation or disposal of investments as it is exempt from corporation tax on these items because of its status as an investment trust company.
The Company has not recognised a deferred tax asset (2020 - same) arising as a result of there being no excess management expense to be utilised in future periods.

8. Ordinary dividends on equity shares

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

A third interim dividend was declared on 3 December 2021 with an ex date of 6 January 2022.

This dividend of 12.0p was paid on 18 February 2022 and has not been included as a liability in these financial statements. The proposed final dividend for 2021 is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.
Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £66,129,000 (2020 - £60,196,000).

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

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

9. Return per Ordinary share

		2021		2020
	£'000	**p**	**£'000**	**p**
Returns are based on the following figures:				
Revenue return	66,129	51.7	60,196	46.6
Capital return	131,985	103.1	(59,939)	(46.4)
Total return	**198,114**	**154.8**	**257**	**0.2**
Weighted average number of Ordinary shares		**127,971,051**		**129,160,107**

10. Investments at fair value through profit or loss

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

Closing book cost	1,330,337	1,324,155
Closing investment gains	408,975	322,250
Closing fair value	**1,739,312**	**1,646,405**

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

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

Transaction costs. During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains/(losses) on investments in the Statement of Comprehensive Income. The total costs were as follows:

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

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

11. Debtors: amounts falling due within one year

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

None of the above amounts is overdue or impaired.

12. Creditors

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

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

All financial liabilities are measured at amortised cost.

13. Borrowings

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

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

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

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

14. Share capital

	2021		2020	
	Number	**£'000**	**Number**	**£'000**
Allotted, called up and fully paid Ordinary shares of 25p each:				
Balance brought forward	128,438,662	32,110	129,332,003	32,333
Ordinary shares bought back to Treasury in the year	(2,576,806)	(644)	(973,341)	(243)
Ordinary shares issued in the year	-	-	80,000	20
Balance carried forward	**125,861,856**	**31,466**	**128,438,662**	**32,110**
Treasury shares:				
Balance brought forward	973,341	243	-	-
Ordinary shares bought back to Treasury in the year	2,576,806	644	973,341	243
Balance carried forward	**3,550,147**	**887**	**973,341**	**243**

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

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

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

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

15. Capital reserve

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

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

16. Net asset value per share

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

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

17. Analysis of changes in net debt

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

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

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

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

18. Financial instruments and risk management.

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise listed equities and debt securities, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company may enter into derivative transactions for the purpose of managing market risks arising from the Company's activities in the form of swap contracts, forward foreign currency contracts, futures and options.

The Board has delegated the risk management function to Aberdeen Standard Fund Managers Limited ("ASFML") under the terms of its management agreement with ASFML (further details of which are included in the Directors' Report). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors.

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

ASFML is a fully integrated member of the abrdn Group ("the Group"), which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Asset Managers Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's Chief Executive Officer and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of abrdn plc, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk management. The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, foreign currency risk and price risk), (ii) liquidity risk and (iii) credit risk.

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

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

- the fair value of the investments in fixed interest rate securities; and
- the level of income receivable on cash deposits;

Management of the risk. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

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

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate facilities, which are used to finance opportunities at low rates. Current bank covenant guidelines are detailed in note 13.

Interest risk profile. The interest rate risk profile of the portfolio of financial assets and liabilities at the Statement of Financial Position date was as follows:

At 31 December 2021	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000
Assets					
Sterling	-	-	7,637	8,143	116,658
US Dollar	22.06	5.52	38,866	267	527,077
Indian Rupee	4.18	7.71	20,399	2	17,061
Indonesian Rupiah	8.45	7.51	32,128	-	37,546
Mexican Peso	2.52	6.11	27,836	-	92,390
South African Rand	9.17	7.00	15,590	-	15,794
Turkish Lira	2.88	8.51	6,023	-	-
Other	-	-	-	293	784,307
Total assets			**148,479**	**8,705**	**1,590,833**
Liabilities					
Bank loans	1.22	2.07	(149,905)	-	-
Loan Notes	9.37	2.24	(49,909)	-	-
Total liabilities			**(199,814)**	**-**	**-**

	Weighted average period for which rate is fixed	Weighted average interest	Fixed rate	Floating rate	Non-interest bearing

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

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Company's loans are shown in note 13 to the financial statements.

The fixed rate assets represents quoted preference shares and bonds.

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

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

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

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

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

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

Foreign currency risk. A significant proportion of the Company's investment portfolio is invested overseas whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investment holdings can result, indirectly, in changes in their valuations. Consequently the Statement of Financial Position can be affected by movements in exchange rates.

Management of the risk. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. The Manager seeks, when deemed appropriate, to manage exposure to currency movements on borrowings by using forward foreign currency contracts as a hedge against potential foreign currency movements. At 31 December 2021 the Company did not have any forward foreign currency contracts (2020 - none).

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

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

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

{A} Reflects cash, short-term deposits and bank borrowings.

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

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

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

{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 an above average dividend yield, with long-term growth in dividends and capital ahead of inflation by investing principally in global equities.

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on pages 19 and 20 of the published Annual Report and financial statements for the year ended 31 December 2021, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

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

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

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

	Within	Within	Within	Within	Within	More than

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

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

(iii) **Credit risk.** This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Management of the risk

- where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;
- investments in quoted bonds are made across a variety of industry sectors and geographic markets so as to avoid concentrations of credit risk;
- transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;
- investment transactions are carried out with a number of brokers, whose credit-standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the daily review of failed trade reports. In addition, both stock and cash reconciliations to the custodian's records are performed daily to ensure discrepancies are investigated in a timely manner. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee;
- cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long-term rated) and A-1/P-1 (Short-term rated) counterparties.

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

	2021		2020	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Quoted preference shares and bonds at fair value through profit or loss	148,479	148,479	190,730	190,730
Current assets				
Other debtors	87	87	109	109

Accrued income	8,432	8,432	9,478	9,478
Cash and short-term deposits	8,705	8,705	3,208	3,208
	165,703	**165,703**	**203,525**	**203,525**

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

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

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

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

Fair values of financial assets and financial liabilities. The fair value of borrowings has been calculated at £201,783,000 as at 31 December 2021 (2020 - £203,597,000) compared to a carrying amount in the financial statements of £199,814,000 (2020 - £199,805,000) (note 12). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. The carrying value of all other assets and liabilities is an approximation of fair value.

19. Fair value hierarchy

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

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

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

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

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

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

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

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

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

20. Capital management policies and procedures

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

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

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

- the planned level of gearing which takes into account the Investment Manager's views on the market;
- the level of equity shares in issue; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

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

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

21. Related party transactions and transactions with the Manager

Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on page 63 of the published Annual Report and financial statements for the year ended 31 December 2021.

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

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

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 December 2021 are an abridged version of the Company's full Annual Report and financial statements, which have been approved and audited with an unqualified report. The 2021 and 2020 statutory accounts received unqualified reports from the Company's auditors and did not include any reference to matters to which the auditor drew attention by way of emphasis without qualifying the reports, and did not contain a statement under s.498 of the Companies Act 2006. The financial information for 2020 is derived from the statutory accounts for 2020 which have been delivered to the Registrar of Companies. The 2021 financial statements will be filed with the Registrar of Companies in due course.

The Annual Report will be posted to shareholders in March 2022 and additional copies will be available from the registered office of the Company and on the Company's website, murray-intl.co.uk*

Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise and may be affected by exchange rate movements. Investors may not get back the amount they originally invested.

**Neither the content of the Company's website nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is (or is deemed to be) incorporated into, or forms (or is deemed to form) part of this announcement.*

For Murray International Trust PLC
Aberdeen Asset Management PLC, Secretaries
3 March 2022

ALTERNATIVE PERFORMANCE MEASURES

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

Discount to net asset value per Ordinary share

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

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

Dividend cover

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

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

Dividend yield

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

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

Net gearing

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

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

Ongoing charges ratio (OCR)

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

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

{A} Professional services comprising new Director recruitment costs and legal fees considered unlikely to recur.

{B} Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

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

Total return

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

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

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

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

TEN LARGEST INVESTMENTS

As at 31 December 2021

Taiwan Semiconductor Manufacturing

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

GlobalWafers

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

Aeroporto del Sureste

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

Broadcom Corporation

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

CME Group

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

Philip Morris International

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

Unilever

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

AbbVie

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

Samsung Electronics

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

Verizon Communications

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

PORTFOLIIO OF INVESTMENTS – OTHER INVESTMENTS

Company	Country	Valuation 2021 £'000	Total assets{A} %	Valuation 2020{B} £'000
Taiwan Semiconductor Manufacturing	Taiwan	82,058	**4.7**	82,638
GlobalWafers	Taiwan	71,090	**4.0**	55,300
Aeroporto del Sureste	Mexico	70,058	**4.0**	72,113
Broadcom Corporation	USA	58,956	**3.3**	38,438
CME Group	USA	57,349	**3.3**	45,256
Philip Morris International	USA	49,097	**2.8**	42,360
Unilever{C}	UK & Netherlands	45,390	**2.6**	24,401
AbbVie	USA	44,985	**2.5**	31,316
Samsung Electronics	Korea	44,298	**2.5**	48,868
Verizon Communications	USA	38,362	**2.2**	42,942
Top ten investments		**561,643**	**31.9**	
TotalEnergies	France	37,471	**2.1**	31,597
Oversea-Chinese Bank	Singapore	37,459	**2.1**	33,411
Cisco Systems	USA	37,423	**2.1**	26,178
Tryg	Denmark	35,496	**2.0**	20,747
Telus	Canada	34,824	**2.0**	28,918
Atlas Copco	Sweden	32,574	**1.9**	26,402
Pepsico	USA	32,063	**1.8**	27,104
Epiroc	Sweden	31,306	**1.8**	32,285
BHP Group	Australia	30,786	**1.8**	26,950
Roche Holdings	Switzerland	30,719	**1.7**	51,146
Top twenty investments		**901,764**	**51.2**	
Taiwan Mobile	Taiwan	30,688	**1.7**	29,612
British American Tobacco	UK	30,041	**1.7**	29,788
Bristol-Myers Squibb	USA	29,922	**1.7**	-
Sociedad Quimica Y Minera de Chile	Chile	29,780	**1.7**	46,657
Hon Hai Precision Industry	Taiwan	27,753	**1.6**	23,927
Vale do Rio Doce	Brazil	27,540	**1.6**	32,664
Sanofi	France	26,027	**1.5**	-
Zurich Insurance	Switzerland	25,956	**1.5**	24,729
Nutrien	Canada	25,291	**1.4**	16,025
Siam Commercial Bank	Thailand	25,262	**1.4**	19,174
Top thirty investments		**1,180,024**	**67.0**	
Johnson & Johnson	USA	25,254	**1.4**	23,005
Telkom Indonesia	Indonesia	25,114	**1.4**	20,681
TC Energy	Canada	24,029	**1.4**	20,785
Enel	Italy	23,660	**1.3**	18,520
Singapore Telecommunications	Singapore	22,870	**1.3**	23,016

Nordea Bank	Sweden	22,552	**1.3**	-
Kimberly Clark de Mexico	Mexico	22,331	**1.3**	24,944
Royal Dutch Shell	UK	22,065	**1.3**	17,128
China Resources Land	China	21,743	**1.2**	21,217
Enbridge	Canada	21,651	**1.2**	-
Top forty investments		**1,411,293**	**80.1**	
Banco Bradesco	Brazil	19,859	**1.1**	27,461
Ping An Insurance	China	19,143	**1.1**	26,875
China Vanke	China	18,875	**1.1**	-
Schlumberger	USA	17,690	**1.0**	12,770
Telenor	Norway	17,406	**1.0**	18,699
Castrol India	India	17,061	**1.0**	17,164
Lotus Retail Growth	Thailand	16,687	**0.9**	19,901
Republic of Indonesia 6.125% 15/05/28{D}	Indonesia	15,799	**0.9**	15,746
MTN	South Africa	15,794	**0.9**	5,995
Republic of South Africa 7% 28/02/31{D}	South Africa	15,590	**0.9**	17,074
Top fifty investments		**1,585,197**	**90.0**	
Telefonica Brasil	Brazil	14,497	**0.8**	14,696
America Movil Sab De 6.45% 05/12/22{D}	Mexico	14,235	**0.8**	14,901
United Mexican States 5.75% 05/03/26{D}	Mexico	13,601	**0.8**	15,365
Petroleos Mexicanos 6.75% 21/09/47{D}	Mexico	13,031	**0.7**	13,717
Indocement Tunggal Prakarsa	Indonesia	12,432	**0.7**	15,048
Republic of Dominica 6.85% 27/01/45{D}	Dominican Republic	12,191	**0.7**	13,350
Republic of Indonesia 8.375% 15/03/34{D}	Indonesia	11,618	**0.7**	12,128
Vodafone Group	UK	10,096	**0.6**	10,885
HDFC Bank 7.95% 21/09/26{D}	India	7,928	**0.5**	8,209
Power Finance Corp 7.63% 14/08/26{D}	India	7,825	**0.4**	7,922
Top sixty investments		**1,702,651**	**96.7**	
Petroleos Mexicanos 5.5% 27/06/44{D}	Mexico	7,275	**0.4**	7,519
Republic of Indonesia 10% 15/02/28{D}	Indonesia	4,710	**0.3**	4,833
ICICI Bank 7.42% 27/06/24{D}	India	4,646	**0.3**	4,782
Santander 10.375% Non Cum Pref{D}	UK	4,025	**0.2**	3,680
General Accident 7.875% Cum Irred Pref{D}	UK	3,612	**0.2**	3,808
Republic of Ecuador 0.5% 31/07/35{D}	Ecuador	3,101	**0.2**	2,556
Republic of Turkey 9% 24/07/24{D}	Turkey	3,061	**0.2**	6,544
Republic of Turkey 8% 12/03/25{D}	Turkey	2,962	**0.2**	6,638
Republic of Ecuador 0.5% 31/07/30{D}	Ecuador	2,372	**0.1**	1,833
Republic of Ecuador 0.5% 31/07/40{D}	Ecuador	644	**-**	556
Top seventy investments		**1,739,059**	**98.8**	
Republic of Ecuador 0.0% 31/07/30{D}	Ecuador	253	**-**	212
Total investments		**1,739,312**	**98.8**	
Net current assets{A}		**21,568**	**1.2**	

Total assets{E}	**1,760,880**	**100.0**

{A} Excluding bank loans.

{B} The 2020 column denotes the Company's holding at 31 December 2020.

{C} The 2021 holding comprises UK and Netherlands securities, split £23,670,000 and £21,720,000 respectively.

{D} Quoted preference share or bond.

{E} See definition on page 113 of the published Annual Report and financial statements for the year ended 31 December 2021.