DUNEDIN INCOME GROWTH INVESTMENT TRUST PLC

HALF YEARLY REPORT FOR THE SIX MONTHS ENDED 31 JULY 2021
Legal Entity Identifier (LEI): 549300PPXLZPR5JTL763

INVESTMENT OBJECTIVE

The objective of Dunedin Income Growth Investment Trust PLC is to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom that meet the Company's sustainable and responsible investing criteria as set by the Board.

BENCHMARK

The Company's benchmark is the FTSE All-Share Index (total return). Performance is measured on a net asset value total return basis over the long-term.

PERFORMANCE HIGHLIGHTS

Net asset value total return per Ordinary share [AB]		Share price total return per Ordinary share [A]		FTSE All-Share Index total return	
Six months ended 31 July 2021	+11.1%	Six months ended 31 July 2021	+12.6%	Six months ended 31 July 2021	+12.6%
Year ended 31 January 2021	(0.3)%	Year ended 31 January 2021	+0.1%	Year ended 31 January 2021	(7.5)%
Revenue return per Ordinary share		**Dividend yield [A]**		**Discount to net asset value [A B]**	
Six months ended 31 July 2021	7.35p	As at 31 July 2021	4.1%	As at 31 July 2021	2.3%
Six months ended 31 July 2020	6.14p	As at 31 January 2021	4.5%	As at 31 January 2021	3.6%

[A] Considered to be an Alternative Performance Measure.
[B] With debt at fair value.

FINANCIAL HIGHLIGHTS

	31 July 2021	31 January 2021	% change
Total assets [A]	£529,824,000	£491,819,000	+7.7
Equity shareholders' funds	£486,791,000	£448,293,000	+8.6
Market capitalisation	£468,200,000	£425,233,000	+10.1
Net asset value per Ordinary share	328.55p	302.56p	+8.6
Net asset value per Ordinary share with debt at fair value[B]	323.57p	297.64p	+8.7
Share price per Ordinary share (mid)	316.00p	287.00p	+10.1
Discount to net asset value with debt at fair value [B]	2.3%	3.6%	
Revenue return per Ordinary share [C]	7.35p	6.14p	+19.7
Gearing – net [B]	8.7%	8.8%	
Ongoing charges [A]	0.59%	0.67%	

[A] Defined as total assets per the Statement of Financial Position less current liabilities (before deduction of bank loans and Loan Notes).

[B] Considered to be an Alternative Performance Measure.

[C] Figure for 31 July 2021 is for six months to that date. Figure for 31 January 2021 is for the six months to 31 July 2020.

For further information, please contact:-

Stephanie Hocking
Aberdeen Standard Investments
0131 372 2200

HALF YEARLY BOARD REPORT - CHAIRMAN'S STATEMENT

Review of the Period

In a marked contrast to a year ago, the Company delivered strong absolute returns for the six month period ended 31 July 2021. The net asset value ("NAV") rose by 11.1% on a total return basis, modestly underperforming its benchmark, the FTSE All-Share Index, which produced a total return of 12.6%. The share price total return for the period was 12.6%, reflecting an improvement in the rating at which the Company's shares trade relative to the NAV. At the end of the period, the shares traded at a discount of 2.3% to the NAV (on a cum-income basis with borrowings stated at fair value), compared to a discount of 3.6% at the beginning of the period.

Over the longer term, it is pleasing the Company has a strong performance record, outperforming the benchmark over three, five and ten years.

Market conditions have been relatively buoyant since the end of January, continuing the strong returns seen following the approval of effective Covid vaccines in November 2020. For much of the period, market leadership was taken by companies rebounding as sectors hit hard by the pandemic recovered, such as airlines, hotels, banks and oil companies. Typically these are areas in which the Investment Manager has limited exposure given its quality focus and, as a result, the portfolio did lag the benchmark somewhat during this recovery period. However, from the end of May, as the rate of economic growth peaked and some concerns over the future velocity of the recovery began to develop, we have seen something of a shift in the types of companies outperforming. Investors have once again focussed on businesses with more visibility over their revenues and greater potential resilience and, as a result, the relative performance of your portfolio has improved since then.

In June, shareholders voted at our AGM to approve the change of investment objective "to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom that meet the Company's sustainable and responsible investing criteria as set by the Board". The Board is very grateful for the overwhelming support of our investors and believes very strongly that this change will allow your company to continue its focus on generating both income and capital growth while being better prepared to meet the significant environmental and social challenges ahead, as well as further increasing its potential attraction to a wider audience of potential investors.

Over the period, your Investment Manager has continued to execute our investment strategy of focussing on businesses of higher quality whilst balancing both income and capital growth potential. The portfolio continues to exhibit strong quality characteristics, while retaining a premium yield to, and superior dividend growth to, the market. At the same time, the Company's portfolio has high active share reflecting a differentiated approach to the wider index. At the time of the writing of this report, the process of implementing the changes to the portfolio consistent with the adoption of the Board's sustainable and responsible investment criteria has been completed.

Our distribution policy remains to grow the dividend faster than inflation over the medium term and, with the Company's revenue reserves, modest level of gearing and the healthy underlying dividend growth of the companies within the portfolio, that policy remains well supported.

A detailed review of portfolio activity during the period is contained in the Investment Manager's Review.

Earnings and Dividends

Revenue earnings per share rose by 19.7% during the period to 7.35p per share (2020: 6.14p). This increase was primarily driven by a rebound in dividend payments from companies as the economic crisis caused by the pandemic continued to ease, alongside relatively buoyant conditions for option writing.

A first interim dividend in respect of the year ending 31 January 2022, of 3.0 p per share (2021: 3.0p), was paid on 27 August 2021 and the Board has declared a second interim dividend of 3.0p (2021: 3.0p) per share, which will be paid on 26 November 2021 to shareholders on the register on 5 November 2021.

As mentioned above, it remains the Board's intention to continue a policy of growing total annual dividends ahead of the rate of inflation over the medium-term.

Gearing

The Company currently employs two sources of gearing. The £30 million loan notes maturing in 2045, and a two year £30 million multi-currency revolving credit facility that was taken out in July this year with The Bank of Nova Scotia. Under the terms of the facility, the Company has the option to increase the level of the commitment from £30 million to £40 million at any time, subject to the lender's credit approval. A Sterling equivalent of £13.3 million was drawn down under the facility at the end of the period.

With debt valued at par, the Company's net gearing fell from 8.8% to 8.7% during the period The Board believes this remains a relatively conservative level of gearing and, with the option to increase the commitment under the revolving credit facility, provides the Company with financial flexibility should further opportunities to deploy capital arise.

Discount

As stated above, at the end of the period your company's shares traded at a small discount of 2.3% to the NAV (on a cum-income basis with borrowings stated at fair value), compared to a discount of 3.6% at the beginning of the financial year. We believe this improvement in the rating has been driven by the relatively resilient income delivery, an increasingly consistent record of total return performance and the Company's transition to adopt more sustainable investment criteria. Since the end of the reporting period the discount has continued to narrow and now stands at 1.2%.

Based on last year's annual dividend of 12.8p per share, the dividend yield on the Company's shares was 4.1% at the end of the period. This is one of the higher yields available from the AIC's UK Equity Sector and is 15% higher than the yield available from the UK equity market as measured by the FTSE All-Share Index.

The Board will continue to monitor the rating of your company's shares carefully and make further use of both the Company's share buy back and issuance powers to address any imbalance of supply and demand in the Company's shares. The Board believes that this action, together with continued delivery of investment performance, our commitment to grow the dividend faster than inflation over the medium term and clear communication of the investment strategy should all help to maintain the Company's rating.

Board Composition

Following the retirement of Elisabeth Scott at the AGM in June, the Board was pleased to announce the appointment of Gay Collins as an independent non-executive Director of the Company with effect from 1 July 2021.

Gay has over 35 years of experience in the financial services sector and has founded and grown three PR companies, Montfort Communications, Penrose Financial (which became MHP) and Ludgate Communications, and has an executive role at Montfort where she advises financial services companies on communications. She is also a director of JPMorgan Global Growth & Income plc and the Association of Investment Companies. We welcome Gay to the Board and look forward to benefiting from her significant experience.

Outlook

Equity markets have rebounded exceptionally strongly since the low-point of the pandemic in March 2021. From here, the essential question remains whether the economic recovery that is underway can be sustained. While economic data remains relatively strong, there are some signs of slowing momentum amidst the negative impact of virus variants and growing inflationary pressures crimping both consumption and corporate profit margins. We are also seeing a rapidly increasing emphasis being placed on sustainability by all stakeholders, from shareholders to customers to governments. Your Investment Manager believes the outlook to be finely balanced with convincing arguments to be made for a range of potential scenarios. As such, they are keeping a disciplined focus on higher quality businesses, but at the same time looking to participate in upside growth opportunities where they present themselves. At the same time, they are maintaining a keen focus on managing emerging environmental and social risks consistent with delivering your Company's strategy.

David Barron,
Chairman
29 September 2021

HALF YEARLY BOARD REPORT – OTHER MATTERS

Directors' Responsibility Statement

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

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

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties faced by the Company together with the mitigating actions it has established to manage the risks. These are set out within the Strategic Report contained within the Annual Report for the year ended 31 January 2021 and comprise the following risk categories:

- Investment objectives
- Investment strategies
- Investment performance
- Income/dividends
- Financial/market
- Gearing
- Regulatory
- Operational

In addition to the risk categories stated above, the Board is conscious of the impact on financial markets caused by the Covid-19 pandemic. The Board considers that this is a risk that could have further implications for global financial markets, economies and on the operating environment of the Company, the impact of which is difficult to predict at the current juncture. Since the outbreak of the virus in 2020, the Board has been liaising closely with the Manager to seek assurances that the operations of the Manager and those of other third party service providers are operating effectively.

The Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances, including in the current market environment caused by the Covid-19 pandemic, are considered to be realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with loan covenants. The Board has also performed stress testing and liquidity analysis.

The Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board
David Barron,
Chairman

29 September 2021

INVESTMENT MANAGER'S REVIEW

After an eventful 2020, the market has since rebounded strongly, reflecting a combination of economic recovery, a resolution to many of the long running issues surrounding Brexit and a significant bounce back in corporates' earnings. While our more defensive tilt resulted in the Company modestly lagging these strong returns from the wider market, we are able to report robust performance of both capital and income for the period. We believe the Company is well balanced in this evolving market environment to participate in further economic recovery whilst also retaining a close eye on capital preservation should conditions deteriorate.

Towards the end of the period, we were pleased to have received shareholder support at the AGM to change the Company's investment objective and adopt a formal sustainable and responsible investment ("SRI") overlay. We have subsequently implemented these changes which we believe position the Company to better manage future challenges and makes for a unique proposition in the UK Equity Income Investment Trust universe, with a continued emphasis on generating both capital and income growth with that enhanced SRI focus.

Performance

There was a clear distinction in performance over the period, with the strong value and cyclical rally seen in the first quarter of the year unfavourable to our higher quality, more defensive strategy, while the second quarter saw fears over the Covid Delta variant and the sustainability of the recovery drive a better relative outcome for the portfolio. As such, we were pleased to deliver robust absolute performance against a strong benchmark return. Key contributors to performance were **Intermediate Capital Group** on evidence of a strengthening backdrop for private markets fund raising, potentially driving increased earnings at its fund management business. Recently introduced **Morgan Sindall** also saw substantial upgrades to its full year guidance driven by a combination of strong trading and a healthy government backed pipeline of developments. The Company's underweight exposure to Unilever and not owning Reckitt Benckiser also helped, as these companies produced somewhat indifferent results.

Against this, the majority of the underperformance was caused by not owning some of the strongest market performers as opposed to any of the holdings performing particularly badly. Not owning BP, for example, hurt as it benefitted from the rebound in the oil price. It was only French computer games designer **Ubisof**t that produced a disappointing update as earnings guidance lagged the market's expectations given delays to a number of its product launches. However, despite these near term set-backs we believe that the company remains a very attractive investment with ownership of major gaming brands, significant intellectual property and a very strong balance sheet all of which should be rewarded by investors over time.

In terms of income performance, we have continued to see companies restore or indeed distribute additional capital as visibility within their businesses improves. As shareholders will recall, the Company's income performance, while not totally immune, proved much more resilient than the market last year and so we always expected growth this year to be less than the market, as it rebounds from a lower base. Nevertheless, the Company has still benefitted from 17.2% growth in investment income compared to the same period last year. Within the portfolio, all companies have restored a dividend with at least 38 of the 45 holdings expected to increase their dividend from pre-pandemic levels during the next year. We also continue to use option writing to supplement the income generation, where further market volatility has seen the Company benefit from attractive premiums.

Implementation of our SRI strategy

In recent times, there has been a decisive move amongst investors to incorporate environmental, social and governance ("ESG") considerations into their analysis and valuation of companies. This has been an aspect of investing that we have embraced for many years at abrdn. However, we believe that formalising exclusions into our investment process will further enhance our focus, improve the potential for better risk adjusted returns and make our approach much more explicit to shareholders. This can be delivered without requiring a change to the Company's investment philosophy of focussing on income and capital growth or having to adjust the dividend policy. At the same time, this reduces the Company's exposure to companies which face significant long-term threats to their business models.

Following shareholder approval at the AGM, we are now excluding those companies that make weapons and tobacco, as well as those oil and gas companies that don't have a meaningful weighting in renewables and natural gas. We are also excluding companies that score poorly based on our proprietary ESG quality ranking and the bottom 10% of the index ranked on our in-house scoring metrics.

This makes a difference to our universe of companies. Around 6% of companies are excluded on the sector screen, another 13% on our quality analysis and another 10% on the in-house score. On current analysis, 29% of the market is screened out, once some overlap is taken account of. It is important to emphasise that the vast majority of companies are being excluded as a result of our proprietary analysis as opposed to simple screens.

This strategic shift has only had a modest impact on the portfolio as many of the companies screened out by its adoption were already excluded from the portfolio by our existing evaluation processes. The change will, nevertheless, have some impact on our sources of income - the tobacco sector, for example, is a significant dividend payer. However, overall we don't anticipate that this change will impact the aggregate income generation of the portfolio. We will be able to allocate capital to other companies in other sectors with comparable yields. Indeed, it may well be the case that the quality of the income and its potential growth may be higher under the new approach. Having the existing flexibility to invest up to 20% overseas is also helpful.

In terms of the Top 10 holdings, shareholders will notice that, at the end of the period, the portfolio still retained exposure to a number of companies that have operations in electricity generation, mining and oil production. It is worth noting that we see SSE as a real leader in low carbon electricity production, with one of the world's best portfolios of renewable energy generation, and it is our intention to retain this holding going forward. Likewise we have retained the holding in **TotalEnergies** - while this is a hydrocarbon producer, it generates significant revenues from natural gas and renewable energy such that it passes our screens. We believe the company will be one of the leaders in supporting the energy transition towards a low carbon future. In contrast, since the end of the period we have exited the position in Rio Tinto, primarily given concerns over corporate governance and a track record of challenges in this area over the past decade. We will continue to engage with all three of these companies to argue for positive changes to improve their ESG credentials and enhance shareholder returns.

The move to formally incorporate ESG considerations in investment analysis is a significant and long-term shift in the way that both society and financial markets operate. It will increasingly be reflected in the valuation of companies, and we want to make sure that the Company is well positioned to manage this major change.

Portfolio activity

Following shareholder approval to implement the aforementioned SRI enhanced strategy, we have worked to action these changes and that process has been completed. Changes included **British American Tobacco**, where we can no longer own tobacco companies but also where we have concerns over the longer term structural pressures on the business, **BHP Billiton**, due to its exposure to thermal coal, and **National Grid**, given concerns over the carbon intensity of its generation assets in North America. We also exited **Countryside Properties** after good relative performance but, with a continued lack of dividend, we saw better yielding opportunities elsewhere.

With a focus on replacing this lost income while maintaining a balanced portfolio, we introduced housebuilder **Persimmon**, recognising its strong cash generation, robust balance sheet and generous distribution policy, added to the holding in **SSE**, given the attractive nature of its renewable energy portfolio, and increased the position in **Diage**o, reflecting the attractiveness of its brand portfolio which is benefitting from strong market demand.

We also took advantage of the Company's ability to invest overseas, starting positions in Finnish bank, **Nordea**, and commercial vehicle manufacturer, **Volvo**. Nordea's combination of attractive revenue momentum, strong cost control and a de-risked balance sheet position it well to deliver compelling shareholder returns going forward. Volvo also upholds a strong balance sheet which, coupled with a heightened operational focus, has strengthened its competitive position in an industry with interesting growth prospects. Its transition towards services also supports margin progression and reduces the degree of cyclicality within the business.

In addition to these strategy-driven changes, the Company also participated in the initial public offering of online greeting card and gifting retailer, **Moonpig**. We are very optimistic on the long-term prospects for the company to grow market share, increase exposure to the gifting segment and generate a significant amount of cash flow which we anticipate will facilitate attractive shareholder returns in due course.

Outlook
As we progress through 2021, we recognise the market strength seen year to date compared to the very weak economic and earnings figures of early 2020, but also note the increasing signs that investors are becoming more cautious given slowing rates of growth and the impact of new strains of the virus globally. However, we remain confident that, over the longer term, the high quality businesses we have invested in offer attractive income and capital growth potential which should enable the Company to continue to perform in a range of market environments; looking to prove resilient on the downside while aiming to participate in any further upside if it does develop.

Ben Ritchie and Georgina Cooper,
Aberdeen Asset Managers Limited
29 September 2021

INDEPENDENT REVIEW REPORT TO DUNEDIN INCOME GROWTH INVESTMENT TRUST PLC

We have been engaged by Dunedin Income Growth Investment Trust PLC (the “Company”) to review the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 July 2021 which comprises the Condensed Statement of Comprehensive Income, Condensed Statement of Financial Position, Condensed Statement of Changes in Equity, Condensed Statement of Cash Flows and the related explanatory notes 1 to 14. We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors’ Responsibilities
The Half Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’). The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with Financial Reporting Standard 104 ‘Interim Financial Reporting’.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half Yearly Financial Report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Financial Reporting Council for use in the United Kingdom. A review of half yearly financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 July 2021 is not prepared, in all material respects, in accordance with Financial Reporting Standard 104 and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Use of our Report
This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP,
Statutory Auditor
Edinburgh, United Kingdom
29 September 2021

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Six months ended 31 July 2021		
		Revenue	**Capital**	**Total**
	Note	**£'000**	**£'000**	**£'000**
Gains/(losses) on investments		-	38,308	38,308
Income	2	12,143	-	12,143
Investment management fees		(359)	(538)	(897)
Administrative expenses		(458)	-	(458)
Exchange gains/(losses)		-	321	321
Net return before finance costs and tax		11,326	38,091	49,417
Finance costs		(278)	(402)	(680)
Return before taxation		11,048	37,689	48,737
Taxation	3	(164)	-	(164)
Return after taxation		**10,884**	**37,689**	**48,573**
Return per Ordinary share (pence)	5	**7.35**	**25.43**	**32.78**

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company.

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

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

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

		Six months ended 31 July 2020		
		Revenue	Capital	Total
	Note	£'000	£'000	£'000
Gains/(losses) on investments		-	(58,397)	(58,397)
Income	2	10,359	-	10,359
Investment management fees		(330)	(495)	(825)
Administrative expenses		(546)	-	(546)
Exchange gains/(losses)		-	(933)	(933)
Net return before finance costs and tax		9,483	(59,825)	(50,342)
Finance costs		(267)	(397)	(664)
Return before taxation		9,216	(60,222)	(51,006)
Taxation	3	(115)	-	(115)
Return after taxation		**9,101**	**(60,222)**	**(51,121)**
Return per Ordinary share (pence)	5	**6.14**	**(40.64)**	**(34.50)**

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	As at 31 July 2021 £'000	As at 31 January 2021 £'000
Non-current assets			
Investments at fair value through profit or loss	9	526,104	487,430
Current assets			
Debtors		3,482	1,053
Cash and short-term deposits		909	4,002
		4,391	5,055
Creditors: amounts falling due within one year			
Bank loan		(13,305)	(13,802)
Other creditors		(671)	(666)
		(13,976)	(14,468)
Net current liabilities		(9,585)	(9,413)
Total assets less current liabilities		516,519	478,017
Creditors: amounts falling due after more than one year			
Loan Notes 2045		(29,728)	(29,724)
Net assets		**486,791**	**448,293**
Capital and reserves			
Called-up share capital		38,419	38,419
Share premium account		4,619	4,619
Capital redemption reserve		1,606	1,606
Capital reserve	6	417,831	380,142
Revenue reserve		24,316	23,507
Equity shareholders' funds		**486,791**	**448,293**
Net asset value per Ordinary share (pence)	7	**328.55**	**302.56**

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

CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Six months ended 31 July 2021

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2021		38,419	4,619	1,606	380,142	23,507	448,293
Return after taxation		-	-	-	37,689	10,884	48,573
Dividends paid	4	-	-	-	-	(10,075)	(10,075)
Balance at 31 July 2021		**38,419**	**4,619**	**1,606**	**417,831**	**24,316**	**486,791**

Six months ended 31 July 2020

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2020		38,419	4,619	1,606	399,028	26,134	469,806
Return after taxation		-	-	-	(60,222)	9,101	(51,121)
Dividends paid	4	-	-	-	-	(9,929)	(9,929)
Balance at 31 July 2020		**38,419**	**4,619**	**1,606**	**338,806**	**25,306**	**408,756**

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

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months ended 31 July 2021 £'000	Six months ended 31 July 2020 £'000
Operating activities		
Net return before finance costs and taxation	49,417	(50,342)
Adjustments for:		
(Gains)/losses on investments	(38,308)	58,397
Currency (gains)/losses	(321)	933
Increase in accrued dividend income	(2,419)	(1,033)
Stock dividends included in dividend income	(129)	(515)
Increase in other debtors excluding tax	(13)	(260)
(Decrease)/increase in other creditors	(116)	647
Net tax (paid)/received	(132)	444
Net cash inflow from operating activities	7,979	8,271
Investing activities		
Purchases of investments	(91,054)	(51,724)
Sales of investments	90,910	45,064
Net cash used in investing activities	(144)	(6,660)
Financing activities		
Interest paid	(677)	(664)
Dividends paid	(10,075)	(9,929)
Loan repayment	(13,323)	(1,273)
Loan drawdowns	13,323	3,501
Net cash used in financing activities	**(10,752)**	**(8,365)**
Decrease in cash and cash equivalents	**(2,917)**	**(6,754)**
Analysis of changes in cash and cash equivalents during the period		
Opening balance	**4,002**	13,754
Effect of exchange rate fluctuations on cash held	(176)	(119)
Decrease in cash as above	(2,917)	(6,754)
Closing balance	**909**	**6,881**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JULY 2021

1. Accounting policies

Basis of preparation. The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that status as an investment trust will be maintained.

The half yearly financial statements have been prepared using the same accounting policies applied as the preceding annual financial statements, which were prepared in accordance with Financial Reporting Standard 102.

2. Income

	Six months ended 31 July 2021 £'000	Six months ended 31 July 2020 £'000
Income from investments		
UK dividend income	9,329	7,631
Overseas dividends	1,556	1,255
Stock dividends	129	515
	11,014	9,401
Other income		
Income on derivatives	1,128	957
Interest income	1	1
	1,129	958
Total income	**12,143**	**10,359**

3. **Taxation.** The taxation charge for the period, and the comparative period, represents withholding tax suffered on overseas dividend income.

4. Ordinary dividends on equity shares

	Six months ended 31 July 2021 £'000	Six months ended 31 July 2020 £'000
Third interim dividend 2021 of 3.00p (2020 - 3.00p)	4,445	4,446
Final dividend 2021 of 3.80p (2020 - 3.70p)	5,630	5,483

	10,075	**9,929**

A first interim dividend in respect of the year ending 31 January 2022 of 3.00p per Ordinary share (2020 - 3.00p) was paid on 27 August 2021 to shareholders on the register on 6 August 2021. The ex-dividend date was 5 August 2021.

5. Returns per share

	Six months ended 31 July 2021	**Six months ended 31 July 2020**
	p	**p**
Revenue return	7.35	6.14
Capital return	25.43	(40.64)
Total return	**32.78**	**(34.50)**

The returns per share are based on the following:

	Six months ended 31 July 2021	**Six months ended 31 July 2020**
	£'000	**£'000**
Revenue return	10,884	9,101
Capital return	37,689	(60,222)
Total return	**48,573**	**(51,121)**
Weighted average number of Ordinary shares	**148,164,670**	**148,187,119**

6. Capital reserves. The capital reserve reflected in the Condensed Statement of Financial Position at 31 July 2021 includes gains of £95,445,000 (31 January 2021 - gains of £77,208,000) which relate to the revaluation of investments held at the reporting date.

7. Net asset value. Equity shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 102. The analysis of equity shareholders' funds on the face of the Condensed Statement of Financial Position does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the period end, adjusted to reflect the deduction of the Loan Notes at par. A reconciliation between the two sets of figures is as follows:

	31 July 2021	**31 January 2021**
Net assets attributable (£'000)	486,791	448,293
Number of Ordinary shares in issue at the period end{A}	148,164,670	148,164,670
Net asset value per Ordinary share	328.55p	302.56p

[A] Excluding shares held in treasury

Adjusted net assets	31 July 2021 £'000	31 January 2021 £'000
Net assets attributable (as above)	486,791	448,293
Unamortised Loan Notes issue expenses	(272)	(276)
Adjusted net assets attributable	**486,519**	**448,017**
Number of Ordinary shares in issue at the period end{A}	**148,164,670**	**148,164,670**
Adjusted net asset value per Ordinary share	**328.36p**	**302.38p**

[A] Excluding shares held in treasury.

Net assets - debt at fair value	31 July 2021 £'000	31 January 2021 £'000
Net assets attributable	486,791	448,293
Amortised cost Loan Notes	29,728	29,724
Market value Loan Notes	(37,096)	(37,017)
Net assets attributable	**479,423**	**441,000**
Number of Ordinary shares in issue at the period end [A]	**148,164,670**	**148,164,670**
Net asset value per Ordinary share - debt at fair value	**323.57p**	**297.64p**

[A] Excluding shares held in treasury.

8. **Transaction costs.** During the period 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 on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 July 2021 £'000	Six months ended 31 July 2020 £'000
Purchases	382	205
Sales	45	25
	427	**230**

9. **Fair value hierarchy.** FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following 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 within 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 Condensed Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

		Level 1	Level 2	Level 3	Total
As at 31 July 2021	**Note**	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss					
Quoted equities	a)	526,104	-	-	526,104
Total		**526,104**	**-**	**-**	**526,104**

		Level 1	Level 2	Level 3	Total
As at 31 January 2021	**Note**	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss					
Quoted equities	a)	487,430	-	-	487,430
Total		487,430	-	-	487,430

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.

10. Analysis of changes in net debt

	At 31 January 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 July 2021 £'000
Cash and cash equivalents	4,002	(176)	(2,917)	-	909
Debt due within one year	(13,802)	497	-	-	(13,305)
Debt due after more than one year	(29,724)	-	-	(4)	(29,728)
	(39,524)	**321**	**(2,917)**	**(4)**	**(42,124)**

Analysis of changes in	**At 31 January 2020 £'000**	**Currency differences £'000**	**Cash flows £'000**	**Non-cash movements £'000**	**At 31 July 2020 £'000**

net debt					
Cash and cash equivalents	13,754	(119)	(6,754)	-	6,881
Debt due within one year	(11,013)	(814)	(2,228)	-	(14,055)
Debt due after more than one year	(29,718)	-	-	(3)	(29,721)
	(26,977)	**(933)**	**(8,982)**	**(3)**	**(36,895)**

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.

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

The management fee is calculated and charged, on a monthly basis, at 0.45% per annum on the first £225 million, 0.35% per annum on the next £200 million and 0.25% per annum on amounts over £425 million of the net assets of the Company, with debt at par and excluding commonly managed funds. The management fee is chargeable 40% to revenue and 60% to capital. During the period £897,000 (31 July 2020 – £825,000) of investment management fees were payable to the Manager, with a balance of £152,000 (31 July 2020 – £139,000) being due at the period end. There were no commonly managed funds held in the portfolio during the six months to 31 July 2021 (2020 - none).

The management agreement may be terminated by either party on not less than six months' written notice. On termination by the Company on less than the agreed notice period the Manager would be entitled to receive fees which would otherwise have been due up to that date.

The Manager also receives a separate promotional activities fee which is based on a current annual amount of £196,000 plus VAT payable quarterly in arrears. During the period £101,000 plus VAT (31 July 2020 - £155,000 plus VAT) of fees were payable to the Manager, with a balance of £16,000 plus VAT (31 July 2020 - £103,000 plus VAT) being due at the period end.

12. **Segmental information.** The Company is engaged in a single segment of business, which is to invest mainly in equity securities. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

13. The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 - 436 of the Companies Act 2006. The financial information for the six months ended 31 July 2021 and 31 July 2020 has not been audited.

The information for the year ended 31 January 2021 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditor on those accounts contained no qualification or statement under Section 498 of the Companies Act 2006.

The auditor has reviewed the financial information for the six months ended 31 July 2021 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

14. This Half Yearly Financial Report was approved by the Board on 29 September 2021.

ALTERNATIVE PERFORMANCE MEASURES ("APMs")

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

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. 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 was earned. Share price total return involves reinvesting the net dividend on the date that the share price goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the six months ended 31 July 2021 and the year ended 31 January 2021.

Six months ended 31 July 2021	**Dividend rate**	**NAV**	**Share price**
31 January 2021	N/A	297.64p	287.00p
4 February 2021	3.00p	300.89p	288.50p
6 May 2021	3.80p	318.02p	310.50p
31 July 2021	N/A	323.57p	316.00p
Total return		**+11.1%**	**+12.6%**

Year ended 31 January 2021	**Dividend rate**	**NAV**	**Share price**
31 January 2020	N/A	312.22p	301.00p
6 February 2020	3.00p	318.65p	302.00p
7 May 2020	3.70p	263.63p	248.00p
6 August 2020	3.00p	272.40p	254.50p
5 November 2020	3.00p	272.51p	253.00p
31 January 2021	N/A	297.64p	287.00p
Total return		**(0.3)%**	**+0.1%**

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

		31 July 2021	**31 January 2021**
NAV per Ordinary share (p)	a	323.57p	297.64p
Share price (p)	b	316.00p	287.00p
Discount	(a-b)/a	2.3%	3.6%

Dividend yield. Dividend yield is calculated using the Company's historic annual dividend of 12.80p per

Ordinary share divided by the share price at 31 July 2021 of 316.00p (31 January 2021 - 287.00p) expressed as a percentage.

		31 July 2021	31 January 2021
Annual dividend per Ordinary share (p)	a	12.80p	12.80p
Share price (p)	b	316.00p	287.00p
Dividend yield	a/b	4.1%	4.5%

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

		31 July 2021	31 January 2021
Borrowings (£'000)	a	43,033	43,526
Cash (£'000)	b	909	4,002
Amounts due to brokers (£'000)	c	121	-
Amounts due from brokers (£'000)	d	30	-
Shareholders' funds (£'000)	e	486,791	448,293
Net gearing	(a-b+c-d)/e	**8.7%**	**8.8%**

Ongoing charges. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year. The ratio for 31 July 2021 is based on forecast ongoing charges for the year ending 31 January 2022.

	31 July 2021	31 January 2021
Investment management fees (£'000)	1,816	1,657
Administrative expenses (£'000)	845	986
Less: non-recurring charges (£'000)	(31)	(11)
Ongoing charges (£'000)	**2,630**	**2,632**
Average net assets (£'000)	**472,264**	**414,454**
Ongoing charges ratio (excluding look-through costs)	**0.56%**	**0.64%**
Look-through costs [A]	**0.03%**	**0.03%**
Ongoing charges ratio (including look-through costs)	**0.59%**	**0.67%**

[A] Costs associated with holdings in collective investment schemes as defined by the Committee of European Securities Regulators' guidelines on the methodology for the calculation of the ongoing charges figure, issued on 1 July 2010.

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

By order of the Board
Aberdeen Asset Management PLC
Company Secretary
29 September 2021

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