



# Dunedin Income Growth Investment Trust PLC

Targeting growth of income and capital from a portfolio invested mainly in UK companies that meet the Company's Sustainable and Responsible investing criteria

Performance Data and Analytics to 31 May 2022

## Investment objective

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

## Benchmark

FTSE All-Share Index total return.

## Cumulative performance (%)

	as at 31/05/22	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	295.0p	0.7	1.7	(4.8)	(2.7)	25.4	37.6
NAV <sup>A</sup>	296.8p	1.1	2.9	(2.5)	(3.0)	17.2	23.7
FTSE All-Share		0.7	2.3	6.2	8.3	18.4	22.2

## Discrete performance (%)

	31/05/22	31/05/21	31/05/20	31/05/19	31/05/18
Share Price	(2.7)	30.0	(0.9)	10.4	(0.6)
NAV <sup>A</sup>	(3.0)	22.8	(1.7)	4.8	0.7
FTSE All-Share	8.3	23.1	(11.2)	(3.2)	6.5

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: Aberdeen Asset Managers Limited, Lipper and Morningstar.  
**Past performance is not a guide to future results.**

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

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## Morningstar Sustainability Rating™



## Morningstar Rating™



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

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

## Twenty largest equity holdings (%)

AstraZeneca	6.8
Diageo	5.4
SSE	5.4
RELX	5.2
TotalEnergies	4.9
Nordea Bank	4.0
Prudential	3.8
Chesnara	3.6
Assura	3.5
Aveva	3.4
GSK	2.9
Intermediate Capital	2.9
Coca Cola	2.9
London Stock Exchange	2.8
Weir	2.8
Direct Line Insurance	2.7
Persimmon	2.7
Volvo	2.6
Pets at Home	2.3
ASML	2.3
<b>Total</b>	<b>72.9</b>

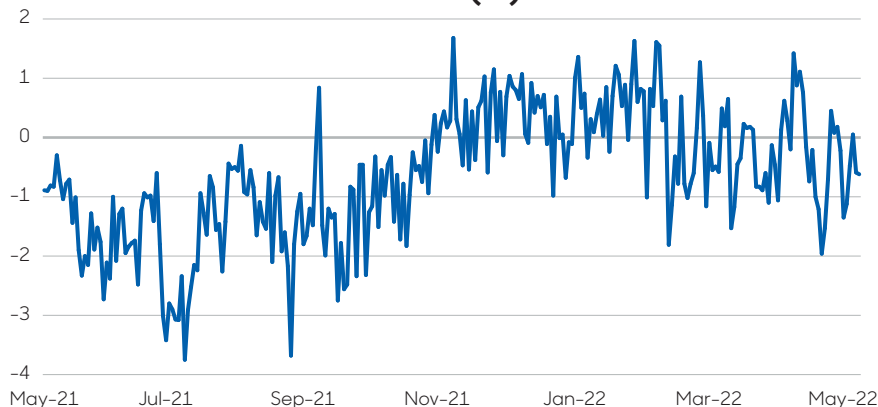
**Total number of investments 36**

All sources (unless indicated): abrdn: 31 May 2022.



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## 1 Year Premium/Discount Chart (%)



## Fund managers' report

UK Equities rose again in May, continuing their recovery after the high volatility of the earlier part of the year. Energy continued to perform well, with hydrocarbon prices remaining elevated. Persistently strong inflation data saw longer term bond yields again rise sharply which also supported performance for financials, while utilities underperformed as the impact of a potential windfall tax on excess profits was considered by the UK government. After a period of weakness the pound was relatively stable against other major currencies.

From a corporate perspective we welcomed the appointment of a new CEO at Prudential, something we had been waiting for for some time. The new hire brings plenty of relevant experience of Asian insurance markets and will be based in Hong Kong, putting them much closer to the geographic heart of their operations. Pets at Home announced strong results with a sizeable increase in the ordinary dividend and a share buyback programme. Despite cost pressures the group continues to deliver well in a market that remains relatively non-discretionary. Intermediate Capital Group also produced very strong full year results, well ahead of market expectations and signalled their future confidence by increasing the full year dividend by a very healthy amount, shortening the time frame for their fund raising programme and committing to attaining a net cash balance sheet. Finally online card and gift retailer Moonpig announced the acquisition of Smartbox Group, the leading provider of experience based gifts (Red Letter Days). This should provide substantial strategic and financial benefits, enabling them to expand their offering while delivering a very positive financial contribution.

We were relatively active within the portfolio during the month as we responded to weakness in the share prices of a number of our preferred holdings by adding additional capital. We increased our weighting in industrial

## Fund managers' report continues overleaf

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 January 2022. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

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

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

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

## Sector allocation (%)

Financials	25.0
Health Care	13.8
Consumer Discretionary	13.1
Industrials	12.9
Consumer Staples	10.1
Technology	5.6
Utilities	5.4
Real Estate	5.3
Energy	4.9
Basic Materials	1.9
Cash	2.0
<b>Total</b>	<b>100.0</b>

## Key information

### Calendar

Year end	31 January
Accounts published	March
Annual General Meeting	May
Dividend paid	February, May, August, November
Established	1873
Fund managers	Ben Ritchie Samantha Brownlee Rebecca Maclean
Ongoing charges <sup>c</sup>	0.59%
Annual management fee	0.45% on the first £225m, 0.35% on the next £200m and 0.25% over £425m per annum of the net assets of the Company.
Premium/(Discount) with Debt at Par	(1.4)%
Premium/(Discount) with Debt at fair value	(0.6)%
Yield <sup>d</sup>	4.4%
Active share <sup>e</sup>	80.5%

## Gearing (%)

Net gearing <sup>f</sup>	7.7
Net gearing with Debt at market value <sup>f</sup>	8.6

## AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

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## Fund managers' report – continued

software developer Aveva, where despite a significant derating in the value of the company we still have confidence in their long-term prospects which we consider to be materially undervalued. We also added to Asian focussed insurer Prudential which has fallen out of favour given the ongoing COVID related restrictions in many of their markets but where we see reopening as a "when not if" situation and retaining the prospect of accessing additional pent up demand alongside compelling structural growth opportunities. Intermediate Capital Group is another business which has seen its share price under pressure but where operationally they continue to perform well and where we like the unique capabilities that they have, the strong balance sheet and the exposure to a long runway of structural growth in private markets. Finally we also added to animal genetics leader Genus which has been sold down given weaker near term demand in China and its exposure to Russia but where we again have a lot of confidence in the medium-term growth opportunities. To fund these purchases and to keep our financial and cyclical exposure balanced we exited the position in Hannover Re and trimmed positions in Close Brothers, Sirius Real Estate, Edenred and Morgan Sindall. We also took some profits after a very strong run from SSE which had stretched the valuation somewhat. A number of options were also written to potentially facilitate some strategic trades while at the same time generating useful amounts of additional income.

While we retain the cautious outlook that we have had for some time we are increasingly attracted by the potential returns on offer from a number of very strong businesses that are now trading on valuations they have only traded on during periods of extreme distress during the previous 15 years. During the year so far our first priority has been to add capital to the holdings we already have within our portfolio. But we are increasingly looking at a number of compelling longer-term opportunities that we currently don't hold. Overall we will continue to keep a balance to our positioning giving ourselves the potential to perform in a range of market environments. Our attention remains on seeking to protect capital, but we will be increasingly looking to participate in opportunities where share prices in good companies with attractive long-term prospects have been oversold and at the same time focus on the companies that meet our sustainable and responsible investing criteria.

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

## Assets/Debt

Gross Assets	£'000	%
Equities – UK	383,809	86.5
– Overseas	92,054	20.7
Total investments	475,863	107.2
Cash & cash equivalents	8,792	2.0
Other net assets	2,060	0.5
Short-term borrowings	(13,260)	(3.0)
3.99% Senior Secured Note 2045	(29,724)	(6.7)
<b>Net assets</b>	<b>443,731</b>	<b>100.0</b>

## Capital structure

Ordinary shares	148,264,670
Treasury shares	5,413,265

## Allocation of management fees and finance costs

Capital	60%
Revenue	40%

## Trading details

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



## Factsheet

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



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## Important information

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

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

### Other important information:

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