

# Murray Income Trust PLC



## Investment objective

To achieve a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

## Benchmark

FTSE All-Share Index.

## Cumulative performance (%)

	as at 31/07/10	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	561.0p	5.3	3.0	11.1	25.4	(6.6)	25.3
NAV <sup>a</sup>	562.7p	5.5	(4.1)	3.0	22.8	(14.8)	14.1
FTSE All-Share		6.9	(4.4)	4.0	19.3	(7.4)	22.7
FTSE 350 Higher Yield		6.1	(6.6)	(1.2)	11.9	(18.4)	2.8

## Discrete performance (%)

Year ending:	31/07/10	31/07/09	31/07/08	31/07/07	31/07/06
Share Price	25.4	(9.7)	(17.5)	11.0	20.8
NAV <sup>a</sup>	22.8	(13.1)	(20.2)	13.9	17.4
FTSE All-Share	19.3	(10.5)	(13.3)	12.9	17.3
FTSE 350 Higher Yield	11.9	(11.1)	(18.0)	9.5	15.1

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 par. Source: Aberdeen Asset Managers Limited, Factset and Morningstar.

<sup>a</sup> Excluding current year revenue.

Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.

## Fund managers' report

The FTSE All-Share Index rebounded strongly in July increasing by 6.9% on a total return basis following weakness in May and June. Strong second quarter earnings coupled with the soothing of European sovereign debt concerns led to the return of risk appetite. In addition, the European banks' stress tests did not reveal any untoward surprises although the market questioned the severity of the assumptions. From a sector perspective, financials performed strongly over the month as did oil and gas as BP's share price recovered while the more defensive areas of the market such as tobacco and pharmaceuticals underperformed.

The MPC decided to keep interest rates on hold for the seventeenth consecutive month at 0.5% as inflation reduced from 3.4% in May to 3.2% in June and the government's fiscal tightening initiatives moved closer. Second quarter GDP growth printed well above consensus expectations at 1.1% helped by strong activity in the construction sector. However there are still signs that the economy remains fragile with the housing market showing signs of slowing down with the Nationwide reporting that house prices fell 0.6% in July while new mortgage approvals fell in June. There was also weakness in the services PMI survey that fell to 53.1 in July from 54.4 in June, the lowest level in over a year.

*Fund managers' report continues overleaf*

The risks outlined overleaf relating to gearing and single country market exposure are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

## Twenty largest equity holdings

	%
Centrica	5.4
Royal Dutch Shell 'B'	5.4
HSBC	5.2
British American Tobacco	5.0
Vodafone	5.0
AstraZeneca	4.5
GlaxoSmithKline <sup>b</sup>	4.3
BP <sup>b</sup>	3.9
National Grid	3.6
Tesco	3.2
Unilever <sup>b</sup>	3.1
Aviva	2.9
Provident Financial	2.7
Wm Morrison Supermarkets	2.7
AMEC	2.5
BHP Billiton	2.5
Standard Chartered	2.5
Whitbread	2.5
Associated British Foods	2.2
Close Brothers	2.2

**Total** 71.3

**Total number of investments** 41

<sup>b</sup> Consolidates the equity and reverse convertible holdings in the same underlying security.

## Sector allocation

	%
Financials	20.6
Consumer Services	13.9
Oil & Gas	13.6
Consumer Goods	13.0
Utilities	8.4
Healthcare	8.1
Industrials	6.0
Telecommunications	4.6
Basic Materials	3.9
Technology	1.3
Cash	6.6

**Total** 100.0

## Further information

Private investors 0500 00 00 40

Institutional investors Ian Massie

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

Receive the factsheet of your choice by email as soon as they are available by registering at [www.investments.co.uk/ITemail](http://www.investments.co.uk/ITemail)

All sources (unless indicated): Aberdeen Asset Managers Limited 31 July 2010.

## Murray Income Trust PLC

## Fund managers' report – continued

Over the month, we added to our holdings in ENI, Prudential, Sage and Pearson. All of these companies offer generous yields, strong market positions and good growth prospects. In addition, we marginally increased the weighting in Close Brothers following the assignment of an option. Option assignments were responsible for all the sales during the month. These were predominantly in companies that had performed very well, offered limited dividend yields and were becoming more expensive such as GKN, BBA and Weir. We continued to write further options as a means of gently increasing the income available to the Trust with calls in AMEC, Weir and GKN and puts in Tesco, Roche and GlaxoSmithKline amongst others.

On a fundamental basis, we believe the path to sustainable economic growth remains challenging and the outlook uncertain. Record budget deficits need to be repaired, savings ratios enhanced to historic levels, inflation restrained, interest rates normalised, banking re-regulated and quantitative easing unwound. None of these tasks are easy, and we remain cognisant that the market may not necessarily be factoring in the full implications of the tests ahead. We take increasing comfort that equity markets appear not to be expensive, but volatility is likely to remain a significant characteristic of the market. However, where opportunities present themselves we will continue to add to our holdings which we believe are, in the longer term, attractively valued and maintain strong business models.

## Key information

<b>Calendar</b>	
Year end	30 June
Accounts published	September
Dividend paid	January, April, July, October
AGM	October
Established	1923
<b>Fund managers</b>	
	Charles Luke Anne Richards Ben Ritchie
<b>Total expense ratio</b>	0.8%
<b>Annual management fee</b>	0.55% <sup>c</sup>
<sup>c</sup> 0.55% per annum on first £400m of net assets, 0.45% on next £150m, 0.25% on excess over £550m.	
<b>Premium/(Discount)</b>	(0.3)%
<b>Yield</b>	4.9%
<b>Gearing<sup>d</sup></b>	9.5%
<b>Assets</b>	£m
Gross	405.2
Short-term borrowings	35.0
<sup>d</sup> Gearing is expressed as a percentage of gross assets, which includes current year revenue, divided by shareholders' funds.	
<b>Capital structure</b>	
Ordinary shares	64,689,458
Treasury shares	1,727,000
<b>Allocation of expenses and interest</b>	
Capital	50%
Revenue	50%
<b>Trading details</b>	
Bloomberg/Epic/Reuters code	MUT LN
Stockbrokers	Arbuthnot, Collins Stewart
Market makers	SETSmm

## Important information

## Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts 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 a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.
- In order to maintain the high level of dividend paid by the Trust some of the assets selected for the underlying portfolio may be liable to diminish in capital value over time.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- Exposure to a single country market increases potential volatility.
- There is no guarantee that the market price of shares in the Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of investment trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

## Other Important Information:

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