

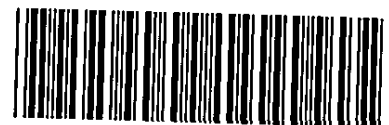
Co House

SC6705

Murray International Trust PLC

Annual Report and Accounts
31 December 2013

TUESDAY



S35VQI5L

SCT

15/04/2014

#550

COMPANIES HOUSE

Contents

Strategic Report

- 1 Company Summary and Financial Highlights
- 3 Overview of Strategy
- 6 Chairman's Statement
- 9 Manager's Review
- 13 Results
- 14 Performance

Portfolio

- 15 Investment Portfolio – Twenty Largest Investments
- 17 Investment Portfolio – Other Investments
- 18 Summary of Net Assets
- 18 Summary of Investment Changes During the Year
- 19 Attribution Analysis
- 20 Distribution of Investments
- 21 Distribution of Equity Investments

Governance

- 22 Your Board of Directors
- 24 Directors' Report
- 28 Statement of Corporate Governance
- 36 Directors' Remuneration Report

Financial Statements

- 39 Statement of Directors' Responsibilities
- 40 Independent Auditor's Report
- 42 Income Statement
- 43 Balance Sheet
- 44 Reconciliation of Movements in Shareholders' Funds
- 45 Cash Flow Statement
- 46 Notes to the Financial Statements

General Information

- 64 Information about the Manager
- 66 Marketing Strategy
- 67 How to Invest in Murray International Trust PLC
- 69 Glossary of Terms and Definitions
- 70 Notice of Annual General Meeting
- 75 Corporate Information
- 76 Your Company's History
- 77 Shareholder Information

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

If you have sold or otherwise transferred all your Ordinary or B Ordinary shares in Murray International Trust PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Strategic Report – Company Summary and Financial Highlights

The Company

Murray International Trust PLC (the "Company") is an investment trust traded on the London Stock Exchange and is a constituent of the FTSE Actuaries All-Share Index. Its Ordinary and B Ordinary shares are listed on the premium segment of the London Stock Exchange. Some 25,000 of its shareholders are private investors. Murray International Trust PLC offers the advantage of exposure to world markets. The Company is invested in a diversified portfolio of international equities and fixed income securities.

What is an Investment Trust?

Investment trusts are a way to make a single investment that gives you a share in a much larger portfolio. A type of collective investment, they let you spread your risk and access investment opportunities you might not find on your own.

Investment Objective

The primary aim of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide. Within this objective the Manager will seek to increase the Company's revenues in order to maintain an above average dividend yield.

Company Benchmark

The Company's benchmark is a composite index comprising 40% of the FTSE World UK Index and 60% of the FTSE World ex-UK Index.

Manager

The Company is managed by Aberdeen Asset Managers Limited ("AAM" or the "Manager").

Website

Up-to-date information can be found on the Company's website - www.murray-intl.co.uk

Financial Highlights

	2013	2012
Net asset value per Ordinary and B Ordinary share total return	+4.6%	+14.0%
Share price total return	+4.1%	+19.0%
Benchmark total return	+21.2%	+11.4%
Net asset value performance against the benchmark total return	-16.6%	+2.6%
Earnings per share (revenue)	43.8p	39.8p
Dividends per share [^]	43.0p	40.5p

[^] The proposed final dividend of 14.5p per Ordinary share is subject to shareholder approval at the Annual General Meeting.

Strategic Report – Financial Calendar

**Net Asset Value per Ordinary and
B Ordinary shares**
At 31 December – pence

Dividends per Ordinary share
pence

Share price per Ordinary share
At 31 December – pence

Financial Calendar

29 April 2014	Annual General Meeting at the Mermaid Conference Centre, London at 12.30 p.m.
16 May 2014	Payment of proposed final dividend for 2013 (14.5p)
August 2014	Half yearly results announced
15 August 2014	Payment of first interim dividend
17 November 2014	Payment of second interim dividend
18 February 2015	Payment of third interim dividend

Strategic Report – Overview of Strategy

Aim

The primary aim of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide. Within this objective the Manager will seek to increase the Company's revenues in order to maintain an above average dividend yield.

The business of the Company is that of an investment trust and the Directors do not envisage any change in this activity in the foreseeable future. The Company's overall objective and key results are shown on page 1. A review of the Company's activities is given in the Chairman's Statement on pages 6 to 8 and the Manager's Review on pages 9 to 12. The review includes an analysis of the business of the Company and its principal activities, likely future developments of the business, the recommended dividend and details of any acquisition of its own shares by the Company.

Business Model - Investment Policy

Asset Allocation

The Company's assets are invested in a diversified portfolio of international equities and fixed income securities spread across a range of industries and economies. The Company's investment policy is flexible and it may, from time to time, hold other securities including (but not limited to) index-linked securities, convertible securities, preference shares, unlisted securities, depositary receipts and other equity-related securities. The Company may invest in derivatives for the purposes of efficient portfolio management. The Company's investment policy does not impose any geographical, sectoral or industrial constraints upon the Manager.

It is the investment policy of the Company to invest no more than 15% of its gross assets in other listed investment companies (including listed investment trusts) at the time of purchase. The Company currently does not have any investments in other investment companies.

Risk Diversification

The Manager actively monitors the Company's portfolio and attempts to mitigate risk primarily through diversification. The Company is permitted to invest up to 15% of its investments by value in any single stock (at the time of purchase).

Gearing

The Board considers that returns to shareholders can be enhanced by the judicious use of borrowing. The Board is responsible for the level of gearing in the Company and reviews the position on a regular basis. Any borrowing, except for short-term liquidity purposes, is used for investment purposes or to fund the purchase of the Company's own shares. Total gearing is not in normal

circumstances to exceed 30% of Net Assets with cash deposits netted against the level of borrowings. At the year end there was net gearing of 15.1% (calculated in accordance with AIC guidance) and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

Changes to Investment Policy

Any material change to the investment policy will require the approval of the shareholders by way of an ordinary resolution at a general meeting. The Company will promptly issue an announcement to inform the shareholders and the public of any change of its investment policy.

Delivering the Investment Policy

Day to day management of the Company's assets has been delegated to Aberdeen Asset Managers Limited ("AAM" or the "Manager"). The Manager invests in a diversified range of international companies in accordance with the investment objective.

The investment manager, Bruce Stout, has responsibility for portfolio construction across all regional segments. The Manager utilises a "Global Equity Buy 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 as the investment universe. Stock selection is the major source of added value.

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 page 64 and 65. A comprehensive analysis of the Company's portfolio is disclosed on pages 15 to 21 including a description of the twenty largest investments, the portfolio of investments by value, attribution analysis, distribution of investments and distribution of equity investments.

At the year end the Company's portfolio consisted of 50 equity and 10 bond holdings. The Manager is authorised by the Board to hold between 50 and 150 stocks in the portfolio.

Principal Risks and Uncertainties

The Board has adopted a matrix of the key risks that affect the business. The major financial risks associated with the Company are detailed in note 19 to the Financial Statements and the other principal risks are summarised below. Further detail on the Principal Risks and Uncertainties is provided in the Company's Prospectus dated 21 December 2010 which is

Strategic Report - Overview of Strategy continued

available on the website at www.murray-intl.co.uk/doc.nsf/Lit/ProspectusUKClosedMINT.

Details of the management of the risks and the Company's internal controls are disclosed on pages 29 to 30.

The Shares

The market value of, and the income derived from, the shares can fluctuate and, notwithstanding the Board's discount and premium control policy, may not always reflect the Net Asset Value per share. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

The market value of the shares, as well as being affected by their Net Asset Value, also takes into account their dividend yield and prevailing interest rates, supply and demand for the shares, market conditions and general investor sentiment.

Borrowings

The Company uses borrowings for investment purposes. Whilst the use of borrowings should enhance the total return on the shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value and market price per share.

There is no guarantee that any borrowings of the Company would be refinanced on their maturity either at all or on terms that are acceptable to the Company.

Foreign Currency Risks

The Company's investments are principally in overseas securities. The Company accounts for its activities and reports its results in sterling. The Company currently hedges most of the foreign currency exposure in respect of the liabilities attached to its borrowings. Where the Company does not hedge its currency exposure, which is currently the case with the investment portfolio, the movement of exchange rates may have a favourable or unfavourable effect on the gains and losses experienced on investments and the income derived from investments which are made or realised in currencies other than pounds sterling.

Discount and Premium Control Policy

The Company operates a discount and premium control policy. The operation of the discount control element of this policy could lead to a significant reduction in the size of the Company over time, which would increase the Company's total expense ratio and prejudice the ability of the Company to pay satisfactory levels of dividend to shareholders. While the Company intends to issue new shares and to resell shares held in treasury at a small premium to the Net Asset Value per share where demand exceeds supply, this will be dependent upon the Company being able to issue new shares and to resell shares held in treasury at a premium, on market conditions generally at the relevant time, upon shareholders in general meeting conferring appropriate authorities on the Board to issue further shares and, where required under the Prospectus Rules, upon a prospectus having been approved by the Financial Conduct Authority and published. The ability of the Company to operate the discount control policy will depend on the Company being able to purchase its own shares, which will be dependent upon shareholders in general meeting conferring authority on the Board to purchase its own shares. The Directors will seek renewal of this authority from shareholders annually and at other times should this prove necessary. However, there can be no guarantee that requisite shareholder approvals will be obtained.

In accordance with the Listing Rules, the extent of each buy-back authority which will be sought by the Company from shareholders in general meeting will be limited to 14.99% of the Company's issued share capital as at the date on which such authority is granted. In order to continue purchasing its own shares once any such authority has been exhausted, the Company would be required to seek a renewal of such authority from shareholders in general meeting.

The ability of the Company to purchase its own shares will be subject to the Companies Act 2006 and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Directors or the Company and, in particular, will be dependent on the availability of distributable reserves.

Regulatory Risks

Cessation of Investment Trust Status: The Company attempts to conduct its business so as to satisfy the conditions for approval as an investment trust under Part 24 Chapter 4 of the Corporation Tax Act 2010. In respect of each accounting period for which approval is granted, the Company will be exempt from United Kingdom taxation on its capital gains. Any breach of the tests that a company must meet to obtain approval as an investment trust company could lead to the Company being subject to tax on capital gains.

Tax and Accounting: Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders. Representations in this document concerning the taxation of investors are based upon current tax law and practice which are subject to change. Any change in accounting standards may adversely affect the value of the Company's assets in its books of account or restrict the ability of the Company to pay dividends.

The Alternative Investment Fund Managers Directive: The Directive will be fully implemented in the UK by July 2014 although the Treasury is intending to amend the supporting Regulations to provide that, if a transitional AIFM's application for authorisation or registration is submitted without sufficient time for the FCA to determine the application by 22 July 2014 (the end of the transitional year), that AIFM will be able to continue managing Alternative Investment Funds until the FCA has determined the application. The Directive has significant consequences for the Company (and all similar investment companies) which will increase compliance and regulatory costs. The Directive may be subject to further implementation guidance, and the Board will continue to monitor the progress and likely implications of the Directive.

Referendum on Scottish Independence

The Company is registered in Scotland and the Board is mindful that there is uncertainty arising in relation to the referendum on Scottish independence due on 18 September 2014. The Board considers that a 'Yes' vote, in favour of independence, may prolong this uncertainty until implications for the Company, positive or negative, of an independent Scotland are understood and quantified in relation to the legislative and regulatory environment in which the Company operates.

Other Risks

Other risks, in addition to the principal ones outlined above include those associated with:

- Dividend Payments by the Company
- Investment Objective and Strategy
- Debt Instruments
- Market Price Risk
- Charges to Capital
- Reliance upon the Manager and Other Third Party Service Providers
- Fluctuations in Operating Results

Key Performance Indicators (KPIs)

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. Below are the main KPIs which have been identified by the Board for determining the progress of the Company:

- Net Asset Value
- Share Price
- Discount/Premium
- Benchmark
- Dividend
- Level of Gearing

A record of these measures is disclosed on page 13.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge in order to allow the Board to fulfil its obligations. At 31 December 2013, there were four male Directors and two female Directors. The Company has no employees. The Board's statement on diversity is set out on page 31.

Environmental, Social and Human Rights Issues

The Company has no employees as it is managed by Aberdeen Asset Managers Limited. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined on page 35.

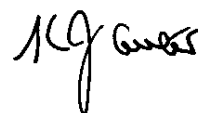
Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Duration

The Company does not have a fixed life.

Kevin Carter
Chairman
10 March 2014



Strategic Report - Chairman's Statement

Kevin Carter
Chairman

Highlights

- Net Asset Value return with income reinvested of 4.6%
- Benchmark Total Return of 21.2%
- Total Ordinary dividend increased by 6.2% compared with 2012
- £43m of new shares issued at a premium during the year

Performance

At the beginning of 2013 conservative expectations would have been satisfied by a prospective increase of 4.6% in net asset value total return plus a 6.2% increase in a fully covered dividend. In the event this was achieved. Unfortunately, however, this represented the Trust's largest annual relative underperformance against its benchmark for a very long time. Exceptional returns from low yielding markets such as the United States and Japan, to which the Trust is underexposed, drove the composite benchmark higher, whilst overexposure to out of favour regions such as Latin America and Asia adversely affected relative performance. The Manager's Review on page 9 in the Report contains an attribution analysis which shows the factors affecting net asset performance. Outwith the positives of preserving capital and growing the dividend, contributions from asset allocation and stock selection were mostly negative on total relative performance. The underperformance against the benchmark resulted in the Company clawing back £5.3 million of previously earned but unpaid performance fees in accordance with the terms of the management agreement.

Background

Monetary policy in the US and the UK saw no change to abnormally low short term interest rates and ongoing bond purchases by central banks through quantitative easing programmes. Japan also embraced this formula and the European Central Bank indicated its willingness to join in as the year progressed. Faced with this environment, and with real returns not available on cash, stock markets rose. Ignoring still fragile economic fundamentals in most of the developed world, liquidity found its way into perceived safe haven equity markets such as the United States, the UK and

Europe. Equity multiples increased and dividend yields fell as positive sentiment proved a dominant force. Even the prospect of reduced monetary stimulus in the United States was not enough to dent these hopeful expectations. Setbacks occurred, but were not sustained for long. An about turn in sentiment towards emerging markets also featured prominently as investors judged that any reduction in US monetary stimulus would cause an outflow of capital from these markets. This became self-fulfilling as emerging market currencies and capital markets experienced material declines. The Trust was caught in the crossfire of this large change in sentiment, even though the basic long-term fundamentals for these markets remain sound. Rising real income growth, abundant resources of natural materials and numerous growth opportunities were increasingly ignored by all but committed long term investors. In its desire for long-term balanced, diversified exposure to fulfil its investment objectives, the Trust therefore experienced a painful period of relative performance. The portfolio remained focused on quality and the Manager kept alert to valuation levels. Given current uncertainties maintaining investment discipline is all important.

Dividends

We have been able to continue the trend of increasing the level of dividends paid and three interim dividends of 9.5p were declared (2012: three interims of 9.0p). Your Board is now recommending a final dividend of 14.5p (2012: 13.5p) which, subject to the approval of shareholders at the Annual General Meeting, will be paid on 16 May 2014 to shareholders on the register on 4 April 2014. Subject to the approval of the final dividend, the total Ordinary dividend for the year will amount to 43.0p, an increase of 6.2% from last year (2012: 40.5p). B Ordinary shares will receive their capitalisation issue of B Ordinary shares at the same time as each dividend is paid. Accordingly, subject to approval at the Annual General Meeting, B Ordinary shareholders will be issued on 16 May 2014 with new B Ordinary shares equivalent in Net Asset Value to the recommended final dividend for the year just ended.

Issue of New Shares

At the Annual General Meeting held in April 2013 shareholders renewed the annual authority to issue up to 10% of the Company's issued share capital for cash at a premium to the prevailing asset value at the time of each issue. During the year we have continued to see a strong demand for the Company's shares resulting in the issue of 3.8 million new Ordinary shares. These new shares were issued predominantly in the first half of the year which helped to minimise the effect of revenue dilution. The Board will be seeking approval from shareholders to renew the authority to issue new shares for cash in 2014 and as in previous years, to avoid diluting the asset value of existing

shareholders, new shares will only be issued at a premium to net asset value. Resolutions to this effect will be proposed at the Annual General Meeting and the Directors strongly encourage shareholders to support this proposal. Subsequent to the period end, the Ordinary shares have continued to trade at a premium to NAV per share albeit at a reduced level. At the time of writing the inclusive of income NAV per share was 949.45p and the share price was 995.0p equating to a premium of 4.8% per share.

Gearing

At the year end total borrowings amounted to the equivalent of £190.8 million representing net gearing of 15.1% (2012: 10.1%) of which approximately £70.7 million has been drawn in Yen with the remainder drawn in sterling. During the year the Company negotiated two new £60 million facilities with the Royal Bank of Scotland ("RBS") which were both drawn in full and fixed for five years. At the same time two maturing Yen loans totalling Yen 8.2 billion were repaid. Subsequent to the period end a new £15 million facility has been agreed with RBS and drawn in full, fixed for just over two years. The new facility was used to repay a maturing Yen 2.3 billion loan with surplus funds invested in the portfolio. At the year end the proportion of net assets invested in equities was 106% (2012 - 104%).

Alternative Investment Fund Managers Directive

Shareholders will be aware of the Alternative Investment Fund Managers Directive (the "AIFMD"), which creates a European-wide framework for regulating managers of alternative investment funds ("AIF"s). Listed investment companies such as Murray International Trust fall within the definition of an AIF. The AIFMD is intended to reduce systemic risk created by the financial sector and aims to improve regulation, enhance transparency and investor protection, develop a single EU market for AIFs and implement effective mechanisms for micro- and macro-prudential oversight. The AIFMD came into force in July 2013 but a transitional period means that investment companies have until July 2014 to comply with the relevant regulations. Your Board has agreed in principle to appoint a subsidiary of Aberdeen Asset Management PLC to act as the Company's AIFM and is currently in the process of finalising the appointment of a Depositary as well as revising the investment management agreement, both consequences of implementing the AIFMD.

Scottish Independence

On 18 September this year voters in Scotland will be asked the question "Should Scotland be an independent country?" in a referendum. In the event of a majority "Yes" vote Scotland would be likely to secede from the United Kingdom some time in 2016. As the Trust is registered in Scotland, the Board has been considering the implications that this

might have for the Company. Among matters of significance to the Company would be currency arrangements, financial regulation and the tax regime of an independent Scotland. The Board is continuing to monitor developments closely but considers that it is too early to prejudge the outcome of a vote, or of any subsequent negotiations as they may affect the Trust and its shareholders.

Annual General Meeting

This year's Annual General Meeting will be held in London on 29 April 2014 at 12.30 p.m. at the Mermaid Conference Centre, Puddle Dock, London EC4V 3DB. As at previous AGMs, there will be a presentation from the Manager and an opportunity to meet the Directors and Manager and ask questions. I would be grateful if you would confirm your attendance by completing the notice that will accompany the Annual Report and returning it together with an indication of any particular questions. I hope as many as possible will be able to attend.

Directorate

Fred Shedden has indicated that he intends to retire from the Board at the conclusion of the Annual General Meeting on 29 April 2014. Fred joined the Board in 2000 and has served the Company in exemplary fashion as both Senior Independent Director and as Chairman of the Audit Committee. I would like to join with my fellow Directors in thanking Fred for his wise counsel and support, and for the contribution that he has made to the smooth and effective running of the Board since 2000.

In advance of Fred's retirement, Marcia Campbell has now assumed the role of Audit Committee Chairman and I am pleased to advise that Lady Balfour has agreed to become Senior Independent Director with effect from Fred's retirement. Lady Balfour has served on the Board for more than nine years, but, as explained on page 33 in the Statement of Corporate Governance, the Board considers all Directors to be independent of the Manager and her broad experience on the Company's Board and elsewhere makes her ideally suited for the role of Senior Independent Director.

The Board via the Nomination Committee is searching for a new independent non executive Director and has engaged the services of an independent recruitment consultant to assist in this process.

Outlook

At any point in time, the level of share prices is governed by an interplay between economic and company fundamentals, and investor sentiment. Reflecting on the past year, sentiment has played an unusually large role in the relative pricing of currencies and assets in developed and developing countries. This is neither new nor unprecedented in the

Strategic Report – Chairman's Statement continued

behavioural science of investment, but it nevertheless presented a tough environment for the Trust to negotiate. As central banks attempt to reduce excessive monetary stimulus, steer a path between economic recovery or recession and encourage fiscal prudence, sentiment changes will likely continue to feature prominently. The gap between positive perceptions of the developed world and negative views of developing nations has seldom been as great, even while the reality of long-term fundamentals suggests a very different picture. This will give rise to investment opportunities for those able to practise true global diversification and Murray International's flexible mandate will allow it to seek out such opportunities in the year ahead.

Kevin Carter
Chairman
10 March 2014



Strategic Report - Manager's Review

Bruce Stout

Senior Investment Manager

Background

"Money; made round to go round and made flat to pile up." Such a definition of the global financial system is unlikely to be found in any economic textbook but it does concisely describe the two dominant influences on financial markets throughout 2013, namely credit and savings. Under rational circumstances, credit lubricates the wheels of international trade and commerce whilst savings provide fuel for investment and efficient allocation of capital. In the distorted economic climate that prevailed over the past twelve months, such economic orthodoxy was absent. Credit markets remained slaves to excessive balance sheet expansion by governments throughout the developed world. Printing presses pumped out ever-increasing quantities of banknotes, layering more debt on top of existing debt in desperate attempts to numb the pain of increasing economic austerity. Sovereign creditworthiness gripped the attention of investors and rating agencies alike, the former relentlessly divesting governments bonds, the latter taking a knife to credit quality status. For UK sovereign debt it marked an end to its coveted triple A status held since 1978. Seemingly oblivious to the dangers of deteriorating debt-dependent dynamics, equity investors positively salivated over excess liquidity sloshing about in the global financial system. Traditional judgements on valuation and risk accounted for little as funds were channelled into constantly rising stock markets. Conversely, prudent savers continued watching their wealth eroded by inflation, as effectively zero interest rates compelled banks to pay paltry nominal returns on deposit accounts. Compounding the misery for those of a thrifty disposition was a constant erosion of capital in bond markets. Sensing a distinct attitude change towards the unsustainable practice of quantitative easing, pension funds, insurance companies and sovereign wealth funds joined the buying boycott of government treasuries. Central banks, becoming increasingly impotent to dictate the daily direction of fragile fixed income markets, watched with trepidation as bond yields spiked higher. History will show savers suffered some of the worst bond market losses for close to twenty years. Faced with such anaemic returns from cash and negative returns from bonds, savers increasingly capitulated to the seductive influences of equity markets. Convinced global economic growth was gathering momentum and

prosperity would follow, equity investors overlooked the harsh realities of declining real incomes and disappointing corporate earnings. Hope, sentiment and liquidity triumphed over reality for the second consecutive year. In one further ironic twist, an enormous wave of negative sentiment towards emerging markets began to gather disciples. As if to justify excessive exuberance towards one asset class another had to be vilified. So it was with Latin America and Asia being on the receiving end of constant criticism and derision from the financial chattering classes. Consensus unequivocally concluded an imminent demise of emerging markets in a world of rising capital costs. Financial markets were in no mood to argue. The resulting depreciation in equity prices and currencies reflected this rising risk aversion but to suddenly write off the geographical custodians of fifty per cent of global GDP appeared somewhat extreme and premature, to say the least. Call it innate cynicism if you like, but such polarised extremes in sentiment are seldom accurate and rarely reflective of reality. Alas, such were the dominant influences on financial markets that fundamentals accounted for very little during the period under review.

In 2013, inspired by renewed optimism for developed markets and uninspiring expectations from alternative asset classes, investors poured money into equity markets. Regionally, North America recorded the largest gains in Sterling terms, led by 30% return from the US. Somewhat paradoxically this occurred without the support of corporate earnings growth as US companies struggled to deliver mid-single digit profit growth despite significant share buybacks. Japan also recorded spectacular equity market performance as investors reacted euphorically to political initiatives aimed at ending domestic deflation. Despite a brutal 24% decline in the Yen, a total return from the Tokyo stock market of 25% in Sterling terms was significant under the circumstances. The same could be said for Europe. Toiling under the economics of austerity with predominantly woeful business conditions, aggregate profitability of European companies actually fell over the period. Ironically this didn't deter equity speculators driving the European composite index up over 25% with lower quality financials leading the charge. Not to be outdone, the UK market managed to return close to 19%, slightly less than the composite benchmark but way in excess of long term averages. At the opposite end of the spectrum, widespread scepticism towards emerging markets constrained Asian returns to just 3% and sent Latin America 10% lower in Sterling terms. Solid earnings, dividend growth and robust trading statements offered little support against deflating confidence towards this asset class within the global financial community.

Strategic Report – Manager's Review continued

Performance

The Net Asset Value total return for the year to 31 December 2013 with net dividends reinvested was 4.6% compared with a return on the benchmark of 21.2%. A full attribution analysis is given on page 19 which details the various influences on portfolio performance. In summary of the 1,580 basis points (before expenses) of performance below the benchmark, asset allocation deleted 1,190 basis points and stock selection deleted 390 basis points. Structural effects relating to the fixed income portfolio and gearing net of borrowing and hedging costs deleted a further 80 basis points of negative relative performance.

USA

Choosing to accentuate the positive has long been ingrained in the US psyche. In a year when politics and policy-debate dominated the economic backdrop, a constant flow of positive rhetoric was required to counteract the reality of lacklustre fundamentals. In this respect the US did not disappoint. The most prominent portrayals of such imaginative interpretations involved assessment of economic recovery and debt reduction. Desperate for evidence of economic stabilisation following five years of post credit crunch disruption, policymakers championed falling unemployment, rising consumer confidence and expanding GDP as evidence the US economy had turned the corner. In reality, underlying activity remained extremely fragile. Rising bond yields quickly extinguished signs of recovery in the housing market; real incomes across the country continued to contract; plus subdued revenue growth and margin pressure for corporate America curtailed capital spending and long-term investment decisions. In the presence of anaemic earnings growth eternal optimists extolled the virtues of stock buybacks, but at ever increasing valuations this was hardly in the best interests of existing shareholders. Such financial engineering of reported profits masked the weakness of underlying earnings growth, so much so that over 75% of equity market returns over the period were due to pure price/earnings multiple expansion. In essence higher prices were constantly paid for virtually no improvement in profits. Expectations soared as positive sentiment suppressed reality, not only with respect towards the economy and the equity market but also towards debt. Even the most myopic observer must surely have noticed the ever-expanding debt mountain that continued to haunt the outlook. Acknowledging that sovereign balance sheet expansion could not extend into perpetuity proved painful for US policymakers, but the public face of promoting an end to printing money was positively presented. The Federal Reserve proved adept at providing reassurance. Quantitative easing would gradually decline but only if economic activity kept expanding, only if unemployment kept falling and only if interest rates were kept lower for longer. Acceptance of such policy directives was grudgingly given by most equity

investors but proved less than palatable for domestic fixed income markets. Consequently US bond markets suffered some of the worst annual returns for many years. With the drip feed of liquidity no longer favourable, corporate profits must now be delivered in the US if valuations are to be supported. Against this evolving backdrop of stuttering growth and deflationary debt dynamics there remains enormous scope for disappointment. Recent portfolio additions of communications company Verizon and leading global healthcare company Baxter International were introduced to maintain the high quality, defensive positioning of total exposure.

UK

Living with lower expectations: perhaps reflecting more realistic expectations of economic developments, recent trends witnessed over the past year engendered a mood of cautious optimism. Common sense prevailed as consensus welcomed positive increases in production and service activity, but cautioned against excessive house price rises misallocating precious capital. Economic growth accelerated to its fastest pace in three years, a headline number welcomed by everyone except the bond market, but expectations remained in check. With the country still experiencing its slowest recovery in a century, having recouped less than two thirds of the output lost during the financial crisis, progress was solid but unspectacular. Thankfully persistent talk of "economic normalisation" and "back to trend growth" was absent from most informed comment. The possibility of UK GDP growing around 2% increasingly became accepted as a realistic pace of economic recovery, given deleveraging and deflationary headwinds that persist for consumers and companies alike. So far so good, but not all aspects of economic life succumbed to the evolving sense of realism. Policymakers continually paid lip-service to the dangers of boom-bust property cycles yet actively encouraged policy directives destined to ultimately distort prices. Lectures were preached on thrift, abstinence and austerity yet simultaneously the Bank of England kept printing bank notes causing further distress to the country's sovereign balance sheet. More worryingly, Britain's desire to become an internationally competitive exporter remained thwarted by relentless appreciation of Sterling. Consequently, the net trade deficit constrained growth whilst a ballooning current account deficit rekindled genuine fears over future financing. On balance, prevailing economic fundamentals marginally improved but rising bond yields left the heavily indebted mortgage owning UK public suffering disproportionately and increasingly weakened in terms of spending power. For an economy so dependent on consumption for growth this will pose a tough hurdle to negotiate in the coming year, especially once the stimulus of unsustainable monetary support is eventually withdrawn. Like most developed equity markets, UK equity returns proved excessive relative to evolving fundamentals so great

caution is warranted. A new position in BHP Billiton, a leading international resource company, was established using capital recycled from more expensive investments elsewhere.

Europe

With the past four years of crisis witnessing financial bailouts of five European nations, policymakers continued to struggle with practical agendas as opposed to theoretical rhetoric. Economic dislocation remained rife throughout Europe as contagion between banks and sovereign debt periodically threatened to destabilise the financial system. Progress towards establishing a banking union persistently stalled as demands for national discretion repeatedly hindered the banking reform process. Strict rules across twenty seven countries was always an ambitious target given the enormous range of balance sheet exposures, liabilities and capital ratios that prevail. Powerful self-interest and reluctance to yield power ultimately ground the process to an effective halt. Less ambiguous and infinitely more transparent was the evolving state of the Eurozone economy. Regional growth flirted with recession throughout most of the year. The economics of austerity prevailed in most European countries, exerting further downward pressure on prices. Emphasising just how fearful the Authorities became over potential outright deflation, interest rates were cut to record lows. While the prospect of negative deposit rates were not welcomed by savers, the severity of Europe's debt-ridden fundamentals arguably gave the European Central Bank little choice. Plagued by record unemployment and rising levels of debt defaults, policy options rapidly ran out for Europe's decision makers. Within such a difficult and distorted economic landscape, the only real bright spot was Germany. Invigorated by being "pegged" to the globally competitive Euro, the German export sector went from strength to strength. As exports boomed the importance of the Eurozone to Germany was increasingly evident. Any threat to Euro currency sustainability clearly threatens future German prosperity suggesting vested interests will prevail in preserving the Eurozone as is. What this ultimately means for companies operating elsewhere across the demand-depressed continent is more difficult to predict. Revenue growth remains the greatest concern as gross margin contraction exerts enormous pressure to cut costs, employment, capital spending, research and development or whatever in pursuit of maintaining profitability. Current European portfolio holdings delivered solid operating results but tended to underperform market returns where more financially leveraged companies incurred most favour. Whilst disappointing from a relative short-term perspective, the emphasis on defensive high quality positions will be maintained.

Latin America

Hostage to constantly changing sentiment towards perceived risk assets, Latin American financial markets endured a torrid twelve months. Conventional logic decreed reduced monetary stimulus in the US must translate into higher borrowing costs for all capital dependent Emerging Market nations. Twenty years ago such intellectual reasoning was unequivocally accurate with widespread evidence of value destruction to support it. Fearful history would repeat itself, investors were quick to withdraw funds from Latin America. No one considered the enormous strides made by Mexico and Brazil over the intervening years to wean themselves off US Dollar debt. Overall sovereign debt levels less than half the bloated average of Developed nations counted for nothing. Nor did substantial domestic savings held in long duration domestic bonds, nor indeed significant foreign exchange reserves. As investors picked at the scab of the 1994 Tequila crisis, structural progress was ignored. Latin American currencies weakened in response, bond yields spiked sharply upwards and equity markets declined. Opinion rapidly polarised from previous plaudits over potential opportunity to persistent pessimism over past mistakes. Yet paradoxically economic trends remained essentially positive. Mexico delivered stable policies, controlled inflation, responsible government finances, respectable corporate profit growth and commitment to embrace pro-market reforms. Despite market weakness, Mexican portfolio exposure returned over 10% in Sterling terms with above average dividend growth enhancing total income accrued. In Brazil, the increasingly fractious Presidential leadership of Dilma Rouseff undoubtedly aggravated economic pressures caused by rising interest rates and relatively weak growth. Domestic spending and credit growth stayed subdued in line with Central Bank objectives, but negative international sentiment arguably reflected rising political uncertainty rather than structural economic hardship. A 32% decline in the value of the Real against Sterling over the past two years quantifies the magnitude of concern currently discounted in Brazilian assets. Against relative values and historical norms this appears excessive. Such extremes provided periodic opportunities to add to Vale, Bradesco and Petrobras, companies where long term growth prospects remain attractive.

Japan and Asia

The financial and economic landscape in Japan changed markedly over the period but not necessary for the better. All areas of society were influenced by the Bank of Japan's radical monetary stimulus. Headline statistics showed the largest yearly gain in Japanese equity prices in four decades with the Yen declining to its lowest level against the US Dollar in five years. Whilst Japanese shares finally got the world's attention, investors clinically examined the

Strategic Report – Manager's Review continued

sustainability of the Great Reflation Plan. Dramatic currency depreciation immediately translated into rapid rises in food and energy costs. With prices escalating five times faster than wages, consumers' purchasing power and confidence were severely constrained. In the misguided pursuit of generating inflation the government appealed for companies to raise wages. Such calls, not surprisingly, fell on deaf ears. Faced with rising costs squeezing profitability there was no appetite within corporate Japan to stomach further competitive erosion through wage hikes. Structural rigidity also prevailed in financing terms as the demographically aging nation faced the mammoth task of funding a sovereign debt burden now more than twice the size of the economy and a deteriorating trade deficit. Adding to the potentially growth retardant impacts from an imminent consumption tax hike there can be no doubt systemic risk to the Japanese bond market has risen significantly. The safest place to observe evolving economic events in Japan is from the sidelines so current low exposure will be maintained.

Capital withdrawal and portfolio outflows constantly stoked demand for US dollars throughout the rest of Asia. Currency weakness was the dominant theme all year. As devaluations gathered momentum, inflationary pressures rose, with those countries particularly dependent on inelastic imports of food and energy worst affected. India and Indonesia fell into this category, suffering a miserable year of rising consumer prices and deteriorating current account deficits. Fear and uncertainty restricted economic activity, causing widespread cyclical slowdowns in growth throughout the region. South Korea, Thailand and Taiwan could only manage around three per cent growth rates, and Asian heavyweights India and China slowed to their lowest levels of growth for over a decade. Consequently Asian equity markets underperformed developed markets by the widest margin since 1998, the year of the Asian Crisis. Not only was this strange, and arguably excessive, fundamentals bore no resemblance to those prevailing fifteen years ago. Whilst history illustrates the folly of standing in the way of short term capital flows, it also illustrates longer term pricing anomalies that present attractive investment opportunities when such practices persist. That point is rapidly approaching. The portfolio remains focused on companies where earnings and dividend prospects are deemed robust regardless of the prevailing macro-economic backdrop. Further price and currency depreciation will be viewed as an opportunity to add further exposure to the Region should this materialise.

Conclusion

Hope springs eternal. There is nothing intrinsically wrong with investing in hope. Most decisions regarding the future involve an assessment of the unknown. The key to success requires matching expectations against reality thus minimising the scope for disappointment. In the world of financial investment it is no different. The previous twelve

months witnessed an enormous amount of hope being invested in equity markets in expectation that numerous challenges will be conquered. Severely stretched valuations reflect belief that the developed world can successfully wean itself off its chronic dependency on printing money without threatening fragile economic recoveries: that savers continue subsidising the profligacy of governments and irresponsible bank-bailouts; that deflationary pressures abate enabling corporate profit margins to breathe again; and that earnings will be delivered in sufficient quantity to satisfy high expectations currently baked-in to equity prices. Any rational analysis of current economic conditions would suggest such hopes are very unlikely to be fulfilled. For a world recovering from the worst economic crisis since the Great Depression, progress will be slow. The enormous debt legacy remains deflationary by nature, constraining spending and investment alike. Essential debt reduction required across the board exerts a significant negative influence on growth and profitability. If the challenge twelve months ago was how to preserve capital in an environment of rising bond yields, the focus is now compounded by how to protect capital when earnings expectations remain too high. Protecting margins becomes of prime importance, so the portfolio will remain focused on those companies deemed well positioned to achieve this. Unfashionable as it may be, most value is still to be found in developing markets where earnings and dividend growth rates remain realistic. The focus on widespread global diversification to achieve capital and income objectives remains core to portfolio positioning.

Bruce Stout

Aberdeen Asset Managers Limited
Investment Manager
10 March 2014

Strategic Report - Results

Financial Highlights

	31 December 2013	31 December 2012	% change
Total assets less current liabilities (before deducting prior charges)	£1,427,525,000	£1,343,768,000	
Equity shareholders' funds (Net Assets)	£1,236,718,000	£1,192,243,000	
Market capitalisation	£1,328,538,000	£1,281,016,000	+3.7
Share price – Ordinary share (mid market)	1052.0p	1048.0p	+0.4
Share price – B Ordinary share (mid market)	1305.0p	1107.5p	+17.8
Net Asset Value per Ordinary and B Ordinary share	981.0p	975.8p	+0.5
Premium to Net Asset Value on Ordinary shares	7.2%	7.4%	
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net gearing ^A	15.1%	10.1%	
Dividends and earnings per Ordinary share			
Revenue return per share	43.8p	39.8p	+10.1
Dividends per share ^B	43.0p	40.5p	+6.2
Dividend cover (including proposed final dividend)	1.02	0.98	
Revenue reserves ^C	£68,120,000	£64,631,000	
Ongoing charges^D			
Excluding performance fee	0.66%	0.71%	
Including performance fee	0.66%	1.02%	

^A Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition on page 69).

^B The figure for dividends per share reflects the years in which they were earned (see note 8 on page 50) and assuming approval of the 14.5p (2012 – 13.5p) final dividend.

^C The revenue reserve figure does not take account of the third interim and final dividends amounting to £11,887,000 and £18,159,000 respectively (2012 – £10,915,000 and £16,631,000).

^D Ongoing charges are calculated in accordance with guidance issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year.

Performance (total return)

	1 year % return	3 year % return	5 year % return	10 year % return
Share price ^A	+4.1	+25.5	+115.8	+288.8
Net asset value per Ordinary and B Ordinary share	+4.6	+19.1	+91.0	+227.6
Benchmark	+21.2	+28.9	+81.5	+127.9

Total return represents the capital return plus dividends reinvested.

^A Mid to mid.

Dividends

	Rate	xd date	Record date	Payment date
1st interim	9.5p	10 July 2013	12 July 2013	16 August 2013
2nd interim	9.5p	09 October 2013	11 October 2013	15 November 2013
3rd interim	9.5p	08 January 2014	10 January 2014	18 February 2014
Proposed final	14.5p	02 April 2014	04 April 2014	16 May 2014
Total dividends	43.0p			

Strategic Report - Performance

Share Price Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2013

Net Asset Value Total Return rebased to 100 (with net dividends reinvested)

Ten years to 31 December 2013

Ten Year Financial Record

Year end	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total revenue (£'000)	19,366	21,922	24,566	26,776	32,242	36,571	46,607	55,128	55,141	63,717
Per Ordinary share (p)										
Net revenue return ^a	15.6	17.4	19.5	21.0	24.7	29.2	38.2	43.6	39.8	43.8
Dividends ^b	16.3	17.3	19.0	21.0	23.2	27.0	34.5	37.0	40.5	43.0
Net asset value per Ordinary/B Ordinary share ^c	471.8	597.5	660.7	736.8	625.8	772.9	930.5	892.2	975.8	981.0
Shareholders' funds (£'000)	413,322	523,633	579,268	646,237	568,827	741,813	967,676	999,252	1,192,243	1,236,718

^a Net revenue return per Ordinary share have been based on the average Ordinary share capital during each year, including conversion of B Ordinary shares into Ordinary shares during each year (see note 9 on page 50).

^b The figures for dividends per share reflect the dividends for the years in which they were earned and not the years they were paid.

^c Net Asset Values per Ordinary and B Ordinary share have been calculated after deducting loans at nominal values and have not been adjusted for the B Ordinary scrip issues (see note 14 on page 53).

Investment Portfolio – Twenty Largest Investments

As at 31 December 2013

Company	Country	Valuation 2013 £'000	Total assets ^A %	Valuation 2012 £'000
1 (1) British American Tobacco^B British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.	UK & Malaysia	57,822	4.1	57,647
2 (2) Aeropuerto del Sureste ADS Grupo Aeropuerto del Sureste operates airports in Mexico. The company holds long-term concessions to manage airports in leading tourist resorts such as Cancun and Cozumel, plus cities such as Oaxaca, Veracruz and Merida.	Mexico	56,445	4.0	52,521
3 (9) 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.	USA	41,029	2.9	34,994
4 (5) Vale do Rio Doce^C Vale is one of the world's largest, fully-integrated, natural resources companies. Based in Brazil, the company produces iron-ore, manganese, alloys, gold, nickel, copper, aluminium, potash and numerous other minerals. In addition to its mining assets, Vale also owns and operates railways and maritime terminals.	Brazil & USA	37,809	2.6	39,385
5 (20) Roche Holdings Roche Holdings develops and manufactures pharmaceutical and diagnostic products. The company produces prescription drugs in the areas of cardiovascular, respiratory diseases, dermatology, metabolic disorders, oncology and organ transplantation.	Switzerland	37,204	2.6	27,206
6 (8) Taiwan Semiconductor Manufacturing Taiwan Semiconductor Manufacturing Company is one of the largest integrated circuit manufacturers in the world. The company is involved in component design, wafer manufacturing, assembly, testing and mask production of integrated circuits which are used in the computer, communication and electronics industries.	Taiwan	37,014	2.6	35,721
7 (4) Unilever Indonesia Unilever Indonesia, the majority owned subsidiary of Unilever NV, manufactures soaps, detergents, margarine, oil and cosmetics. The company also produces dairy based foods, ice cream and tea beverages.	Indonesia	36,117	2.5	42,488
8 (-) Nordea Nordea is a financial services group that provides banking services, financial products and related advisory services. The company's activities include investment banking, deposit and credit services, insurance products and securities trading. Nordea predominantly services the Scandinavian countries and the Baltic region.	Sweden	35,779	2.5	25,839
9 (-) Casino Casino operates a wide range of hypermarkets, supermarkets and convenience stores. In addition to domestic operations in France the company operates various retail formats in Vietnam, Thailand, Colombia and Brazil.	France	34,838	2.4	24,554
10 (3) Souza Cruz Souza Cruz produces and sells cigarettes and other tobacco products in Latin America. Brand names include Lucky Strike, Carlton, Derby and Hollywood. The company also manufactures paper for cigarettes and packaging.	Brazil	34,252	2.4	51,824
Top ten investments		408,309	28.6	

^A See definition on page 69.

^B Holding comprises UK and Malaysia securities split £35,618,000 (2012 – £34,331,000) and £22,204,000 (2012 – £23,316,000).

^C Holding comprises equity and fixed income securities split £24,091,000 (2012 – £28,709,000) and £13,718,000 (2012 – £10,676,000).

Investment Portfolio – Twenty Largest Investments continued

Company	Country	Valuation 2013 £'000	Total assets ^A %	Valuation 2012 £'000
11 (6) Taiwan Mobile Taiwan Mobile is the leading provider of cellular telecommunications services in Taiwan. Although predominantly a wireless network operator, the company also sells and leases cellular telephony equipment.	Taiwan	34,141	2.4	39,299
12 (14) Fomento Economico Mexicano Fomento Economico Mexicano (FEMSA) produces, distributes and markets non-alcoholic beverages throughout Latin America as part of the Coca Cola system. The company also owns and operates OXXO convenience stores in Mexico and Colombia and holds a stake in the Heineken brewing company.	Mexico	33,675	2.4	29,114
13 (11) Telus Telus is a telecommunications company providing a variety of communication products and services. The company provides voice, data, internet and wireless services to businesses and consumers throughout Canada.	Canada	33,240	2.3	32,148
14 (12) Standard Chartered Standard Chartered is an international banking group operating principally in Asia, Africa, Latin America and the Middle East. The company offers its products and services to a wide range of customers in over fifty countries worldwide.	UK	32,640	2.3	31,470
15 (19) Total Total is a fully integrated international energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. The company also operates a chemical division which produces polypropylene, polyethylene, polystyrene, rubber, paint, ink, adhesives and resins.	France	32,231	2.2	27,519
16 (-) Zurich Financial Services Zurich provides insurance-based financial services. The company offers general and life insurance products and services for individuals, small businesses, commercial enterprises, mid-sized and large corporations plus multinational companies.	Switzerland	31,564	2.2	24,528
17 (13) Royal Dutch Shell Royal Dutch Shell, through numerous international subsidiaries and global partnerships, explores for and produces oil, gas and petroleum products. In addition to producing fuels, chemicals and lubricants, the company owns and operates petrol filling stations worldwide.	UK	31,008	2.2	29,580
18 (-) Wing Hang Bank Wing Hang Bank provides corporate banking, retail banking, foreign exchange and treasury services. Based in Hong Kong, the bank also provides share brokerage, insurance broking, and nominee services.	Hong Kong	30,014	2.1	24,872
19 (-) BHP Billiton BHP Billiton is the world's largest diversified resources group with a global portfolio of high quality assets. Core activities comprise the production and distribution of minerals, mineral products and petroleum.	Australia	29,904	2.1	–
20 (16) Singapore Telecommunications Singapore Telecommunications is a communications company providing a diverse range of communications services including fixed-line telephony, mobile, data, internet, satellite and pay television. The company operates throughout the Asian Pacific region.	Singapore	29,323	2.1	27,922
Top twenty investments		726,049	50.9	

^A See definition on page 69.

The value of the 20 largest investments represents 50.9% (2012 – 53.0%) of total assets. The figures in brackets denote the position at the previous year end. (-) denotes not previously in 20 largest investments.

Investment Portfolio – Other Investments

As at 31 December 2013

Company	Country	Valuation 2013 £'000	Total assets: %	Valuation 2012 £'000
Johnson & Johnson	USA	29,306	2.0	22,856
Kimberly Clark de Mexico	Mexico	29,012	2.0	36,223
Tenaris ADR	Mexico	29,003	2.0	28,361
MTN	South Africa	27,523	1.9	–
ENI	Italy	27,210	1.9	27,816
Verizon Communications	USA	26,692	1.9	–
HSBC	UK	25,834	1.8	20,054
PetroChina	China	25,122	1.8	32,996
Pepsico	USA	25,035	1.8	21,052
Public Bank	Malaysia	24,774	1.7	22,898
Top thirty investments		995,560	69.7	
Daito Trust Construction	Japan	23,975	1.7	24,584
Banco Bradesco	Brazil	23,562	1.6	23,707
Baxter International	USA	22,673	1.6	–
Potash Corporation of Saskatchewan	Canada	22,666	1.6	23,904
Petrobras ADR	Brazil	22,158	1.6	22,571
Telefonica Brasil	Brazil	21,678	1.5	27,678
Weir Group	UK	21,320	1.5	23,002
Coca-Cola Amatil	Australia	18,390	1.3	–
GDF Suez	France	17,894	1.3	15,901
QBE Insurance Group	Australia	17,393	1.2	19,439
Top forty investments		1,207,269	84.6	
Petroleos Mexicanos 5.5% 27/06/44	Mexico	16,528	1.2	–
Nestlé	Switzerland	15,504	1.1	14,020
Novartis	Switzerland	15,457	1.1	22,395
Astellas Pharmaceutical	Japan	14,650	1.0	14,594
Portugal Telecom 4.5% 16/06/25	Netherlands	14,364	1.0	13,176
Vodafone Group	UK	14,220	1.0	12,974
Centrica	UK	13,908	1.0	13,344
PTT Exploration and Production	Thailand	12,237	0.9	13,153
Swire Pacific 'B'	Hong Kong	12,194	0.8	12,715
Oversea-Chinese Bank	Singapore	12,194	0.8	12,251
Top fifty investments		1,348,525	94.5	
Wilson & Sons	Brazil	11,869	0.8	13,954
Republic of Venezuela 8.5% 08/10/14	USA	11,774	0.8	7,530
Atlas Copco	Sweden	11,507	0.8	–
Telefonica Emisiones 5.375% 02/02/18	UK	10,751	0.8	10,498
Hypermarcas 6.5% 20/04/21	USA	10,133	0.7	10,653
Republic of Indonesia 9.5% 15/07/23	Indonesia	4,070	0.3	6,548
Republic of Indonesia 10% 15/02/28	Indonesia	4,008	0.3	6,670
General Accident 7.875% Cum Irred Pref	UK	3,094	0.2	2,938
Santander 10.375% Non Cum Pref	UK	2,805	0.2	2,647
Federal Republic of Brazil 11% 17/08/40	USA	2,741	0.2	3,082
Total investments		1,421,277	99.6	
Net current assets		6,248	0.4	
Total assets:		1,427,525	100.0	

^a See definition on page 69.

^b Holding comprises equity and fixed income securities split £15,130,000 (2012 – £14,319,000) and £8,432,000 (2012 – £9,388,000).

Summary of Net Assets

	Valuation 31 December 2013	
	£'000	%
Equities	1,318,859	106.6
Fixed income	102,418	8.3
Other net assets	6,248	0.5
Prior charges (see definition on page 69)	(190,807)	(15.4)
Equity shareholders' funds	1,236,718	100.0

Summary of Investment Changes During the Year

	Valuation 31 December 2013		Appreciation/ (depreciation)	Transactions	Valuation 31 December 2012	
	£'000	%	£'000	£'000	£'000	%
Equities						
United Kingdom	204,452	14.3	8,419	18,477	177,556	13.2
North America	200,641	14.1	4,444	61,243	134,954	10.0
Europe ex UK	259,187	18.2	38,695	(694)	221,186	16.5
Japan	38,624	2.7	1,487	(16,299)	53,436	4.0
Asia Pacific ex Japan	311,117	21.8	(9,392)	(30,810)	351,319	26.1
Latin America	277,315	19.4	(34,791)	6,832	305,274	22.7
Africa	27,523	1.9	1,590	25,933	–	–
	1,318,859	92.4	10,452	64,682	1,243,725	92.5
Fixed income						
United Kingdom	16,650	1.2	402	165	16,083	1.2
Europe ex UK	14,364	1.0	1,083	105	13,176	1.0
Asia Pacific ex Japan	8,078	0.6	(5,144)	4	13,218	1.0
Latin America	63,326	4.4	(6,643)	28,639	41,330	3.1
	102,418	7.2	(10,302)	28,913	83,807	6.3
Other net assets	6,248	0.4	(9,988)	–	16,236	1.2
Total assets*	1,427,525	100.0	(9,838)	93,595	1,343,768	100.0

* See definition on page 69.

Attribution Analysis

Year to 31 December 2013

	Company		Benchmark		Contribution from:		
	Weight %	Return %	Weight %	Return %	Asset Allocation %	Stock Selection %	Total %
UK	15.5	9.8	40.0	18.8	0.6	-1.4	-0.8
Europe ex UK	21.8	21.8	11.5	25.2	0.4	-0.7	-0.3
North America	15.2	10.1	35.1	28.3	-2.2	-1.8	-4.0
Japan	2.9	5.3	5.8	25.0	0.1	-0.8	-0.7
Asia Pacific ex Japan	23.7	-0.9	5.7	2.8	-4.5	0.0	-4.5
Other International	20.9	-7.8	1.9	-10.3	-6.3	0.8	-5.5
Gross equity portfolio return	100.0	5.3	100.0	21.2	-11.9	-3.9	-15.8
FX instruments, fixed interest, cash and gearing effect		-0.7					
Net portfolio return		4.6					
Management fees and administrative expenses		-0.5					
Performance fee		0.4					
Tax charge		-0.2					
Share issuance effect		0.2					
Technical differences		0.1					
Total return		4.6		21.2			

Benchmark is 40% FTSE World UK and 60% FTSE World ex UK.

Notes to Performance Analysis

Selection effect – measures the effect of security selection within each category.

Allocation effect – measures the impact of over or underweighting each asset category, relative to the benchmark weights.

Share issuance – the enhancement to performance of new shares being issued at premium to NAV.

Technical differences – the impact of different return calculation methods used for NAV and portfolio performance.

Source: Aberdeen Asset Management & BNP Paribas

Distribution of Investments

Year to 31 December 2013

Sector/Area	United Kingdom %	North America %	Europe ex UK %	Japan %	Asia Pacific ex Japan %	Latin America %	Africa %	2013 Total %	2012 Total %
Oil & Gas	2.1	–	4.2	–	2.6	1.5	–	10.4	11.6
Oil & Gas Producers	2.1	–	4.2	–	2.6	1.5	–	10.4	11.6
Basic Materials	2.1	1.6	–	–	–	3.7	–	7.4	6.0
Chemicals	–	1.6	–	–	–	–	–	1.6	1.8
Industrial Metals & Mining	–	–	–	–	–	2.0	–	2.0	2.1
Mining	2.1	–	–	–	–	1.7	–	3.8	2.1
Industrials	1.5	–	0.8	1.7	0.9	4.8	–	9.7	9.3
Construction & Materials	–	–	–	1.7	–	–	–	1.7	1.8
General Industrials	–	–	–	–	0.9	–	–	0.9	0.9
Industrial Engineering	1.5	–	0.8	–	–	–	–	2.3	1.7
Industrial Transportation	–	–	–	–	–	4.8	–	4.8	4.9
Consumer Goods	2.5	4.7	1.1	–	5.4	6.8	–	20.5	22.7
Beverages	–	1.8	–	–	1.3	2.4	–	5.5	3.7
Food Producers	–	–	1.1	–	–	–	–	1.1	1.0
Personal Goods	–	–	–	–	2.5	2.0	–	4.5	7.4
Tobacco	2.5	2.9	–	–	1.6	2.4	–	9.4	10.6
Health Care	–	3.6	3.7	1.0	–	–	–	8.3	7.5
Health Care Equipment & Services	–	1.6	–	–	–	–	–	1.6	–
Pharmaceuticals & Biotechnology	–	2.0	3.7	1.0	–	–	–	6.7	7.5
Consumer Services	–	–	2.4	–	–	–	–	2.4	1.8
Food & Drug Retailers	–	–	2.4	–	–	–	–	2.4	1.8
Telecommunications	1.0	4.2	–	–	4.4	1.5	1.9	13.0	13.2
Fixed Line Telecommunications	–	4.2	–	–	–	1.5	–	5.7	5.4
Mobile Telecommunications	1.0	–	–	–	4.4	–	1.9	7.3	7.8
Utilities	1.0	–	1.3	–	–	–	–	2.3	2.2
Gas Water & Multiutilities	1.0	–	1.3	–	–	–	–	2.3	2.2
Financials	4.1	–	4.7	–	5.9	1.1	–	15.8	14.4
Banks	4.1	–	2.5	–	4.7	1.1	–	12.4	11.2
Nonlife Insurance	–	–	2.2	–	1.2	–	–	3.4	3.2
Technology	–	–	–	–	2.6	–	–	2.6	3.8
Technology Hardware & Equipment	–	–	–	–	2.6	–	–	2.6	3.8
Total equities	14.3	14.1	18.2	2.7	21.8	19.4	1.9	92.4	92.5
Fixed income	1.2	–	1.0	–	0.6	4.4	–	7.2	6.3
Total investments	15.5	14.1	19.2	2.7	22.4	23.8	1.9	99.6	98.8
Other net current assets								0.4	1.2
Total assets*								100.0	100.0

* See definition on page 69.

Distribution of Equity Investments

Total Equities Distribution by Sector

Total Equities Distribution by Geographic Region

Your Board of Directors

The Directors, all of whom are non-executive and independent of the Manager, supervise the management of Murray International Trust PLC and represent the interests of shareholders.

Kevin Carter

Status: Chairman and Independent Non-Executive Director

Relevant experience and other directorships: He was previously Managing Director and Head of EMEA Pension Advisory Group at JP Morgan Securities. Prior to that Dr Carter was Head of the European Investment Consulting Practice at Watson Wyatt and formerly CEO of Old Mutual Asset Managers in both the UK and the US. He is a trustee director of the Universities Superannuation Scheme and chairman of its investment committee and performs the same roles for the BBC Pension Scheme. He is also a director of Lowland Investment Company plc.

Length of Service: He was appointed a Director on 23 April 2009

Last re-elected to the Board: 11 April 2013

Committee member: Management Engagement Committee (Chairman) and Nomination Committee (Chairman)

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 20,000 Ordinary shares

Lady Balfour of Burleigh CBE

Status: Independent Non-Executive Director

Relevant experience and other directorships: She taught politics and modern history at Oxford University, before moving to the Central Policy Review Staff in the Cabinet Office. She has worked for governments in many countries and for a number of public companies. She is chairman of the Nuclear Liabilities Fund and the Nuclear Liabilities Financing Assurance Board. Her other current directorships are The Scottish Oriental Smaller Companies Trust plc and Albion Enterprise VCT PLC.

Length of Service: She was appointed a Director on 30 September 2003

Last re-elected to the Board: 11 April 2013

Committee member: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee (Chairman)

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 1,300 Ordinary shares

James Best

Status: Independent Non-Executive Director

Relevant experience and other directorships: He is a Partner of Arkios Limited in London and was formerly Chairman of Kalahari Energy, a Botswana company active in alternative fuel. He has worked in New York, London and Singapore as a banker, most notably with UBS, HSBC and earlier with Credit Suisse.

Length of Service: He was appointed a Director on 30 June 2005

Last re-elected to the Board: 11 April 2013

Committee member: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 47,500 Ordinary shares

Peter Dunscombe

Status: Independent Non-Executive Director

Relevant experience and other directorships: He was previously head of pensions investment at the BBC Pension Trust and prior to that he was joint managing director at Imperial Investments Limited. He is a member of the investment committees of The Pensions Trust, Reed Elsevier Pension Fund, The Nuffield Foundation and St James's Place plc and a director of HG Capital Trust Plc and GCP Student Living plc.

Length of Service: He was appointed a Director on 29 April 2011

Last re-elected to the Board: 11 April 2013

Committee member: Audit Committee, Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 3,850 Ordinary shares

Fred Shedden OBE

Status: Independent Non-Executive Director and Senior Independent Director

Relevant experience and other directorships: He is a former senior partner of McGrigors (now part of Pinsent Masons). He was until recently a non-executive director of Iomart Group plc and was formerly chairman of Martin Currie Japan Investment Trust plc as well as a non-executive director of The Equitable Life Assurance Society and The Standard Life Assurance Company.

Length of Service: He was appointed a Director on 23 October 2000

Last re-elected to the Board: 11 April 2013

Committee member: Audit Committee (Chairman until 11 April 2013), Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other Trust Directors: None

Shareholding in Company: 9,728 Ordinary shares

Marcia Campbell

Status: Independent Non-Executive Director

Relevant experience and other directorships: She was until recently operations director at Ignis Asset Management having previously been group operations director and CEO Asia Pacific at Standard Life. She is a director of CNP Assurances in France and Sainsbury's Bank.

Length of Service: She was appointed a Director on 27 April 2012

Last re-elected to the Board: 11 April 2013

Committee member: Audit Committee (Chairman from 11 April 2013), Management Engagement Committee, Nomination Committee and Remuneration Committee

Employment by the Manager: None

Other connections with Trust or Manager: None

Shared Directorships with any other

Trust Directors: None

Shareholding in Company: 5,338 Ordinary shares

Directors' Report

Introduction

The current Directors, K J Carter, J D Best, P W Dunscombe, A C Shedden, Lady Balfour of Burleigh and M Campbell held office throughout the year under review and were the only Directors who served during the year.

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

The Company and its Objective

The Company is an investment trust and its Ordinary shares are listed on the premium segment of the London Stock Exchange. The primary aim of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide. Within this objective the Manager will seek to increase the Company's revenues in order to maintain an above average dividend yield.

A review of the Company's activities is given in the Strategic Report on pages 1 to 14. This includes the overall strategy of the business of the Company and its principal activities, main risks faced by the Company, likely future developments of the business, the recommended dividend and any details of acquisition of its own shares by the Company.

Status

The Company has been approved by HM Revenue & Customs ("HMRC") as an investment trust for the purposes of Sections 1158 - 1159 of the Corporation Tax Act 2010 ("Sections 1158 - 1159") for the year ended 31 December 2012. During the year, the Company was approved by HMRC under Sections 1158-1159 and Part 2 Chapter 1 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 January 2012, subject to the Company continuing to meet the relevant eligibility criteria.

The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2013 so as to be able to continue to obtain approval as an investment trust under Section 1158 of the Corporation Tax Act 2010 for that year.

The affairs of the Company were conducted in such a way 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 in the future.

The Company is registered as a public limited company. The Company's registration number is SC014692. The Company has no employees and the Company makes no political donations.

Results and Dividends

The total gain attributable to equity shareholders for the year amounted to £52.2 million.

A final dividend for the year ended 31 December 2012 of 13.5p per Ordinary share was paid on 16 May 2013. Interim dividends of 9.5p each were paid on 16 August 2013, 15 November 2013 and 18 February 2014 making a total distribution to Ordinary shareholders of £52.2 million. The Directors are recommending a final dividend for the year ended 31 December 2013 of 14.5p per Ordinary share payable on 16 May 2014 to holders of Ordinary shares on the register at close of business on 4 April 2014.

Whenever a cash dividend is paid on the Ordinary shares, a bonus issue of B Ordinary shares is made to the holders of B Ordinary shares. In connection with the final dividend the Directors will make a corresponding capitalisation issue of B Ordinary shares credited as fully paid. This capitalisation issue will be equivalent in asset value to the final dividend now recommended on the Ordinary shares but excluding any tax credit thereon. Subject to the approval of shareholders of the final dividend, definitive certificates in respect of the capitalisation issue will be posted on 16 May 2014. Fractional entitlements will be sold for the benefit of B Ordinary shareholders. The new B Ordinary shares will rank equally with the existing B Ordinary shares.

Resolution No. 11 to approve the final dividend will be proposed at the Annual General Meeting.

The Net Asset Value per Ordinary and B Ordinary share at 31 December 2013 was 981.0p (2012 – 975.8p).

Management and Secretarial Arrangements

Investment management services are provided to the Company by Aberdeen Asset Managers Limited. Company secretarial, accounting and administrative services are provided by Aberdeen Asset Management PLC.

For the year ended 31 December 2013, the management and secretarial fees payable to the Manager were calculated and charged on the following basis:

- an investment management fee payable to the Manager, Aberdeen Asset Managers Limited, of 0.5% per annum of the value of total assets, less unlisted investments and all current liabilities excluding monies borrowed to finance the investment objectives of the Company, averaged over the six previous quarters. A fee of 1.5% per annum is charged on the value of unlisted investments. The investment management fee is chargeable 30% against revenue and 70% against realised capital reserves.

Included in the charge of 0.5% above is a secretarial fee of £100,000 per annum which is chargeable 100% to revenue.

In addition, the Manager is entitled to a performance fee on the following basis:

- a fee of 5% of the first 2% of any outperformance of the Company's net asset total return over that of its benchmark;
- a fee of 10% of any additional outperformance against the benchmark.

The total amount of the fee earned by the Manager in any one year (comprising the basic management fee and the performance fee) is capped at 0.8% of the average value of the Company's total assets less current liabilities. Any performance fee is paid in equal instalments over a four year period with any future underperformance offset against the fee payable.

No fees are charged in the case of investments managed or advised by Aberdeen Asset Management Group. The management agreement may be terminated by either party on the expiry of one year's 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 Aberdeen Asset Management Group has the investment management, secretarial, marketing and administrative skills required for the effective operation of the Company.

The Board has agreed in principle to appoint Aberdeen Fund Managers Limited ("AFML") as the Company's Alternative Investment Fund Manager ("AIFM"). AFML is the appropriately authorised entity within the Aberdeen Group in accordance with the AIFM Directive which came into force in July 2013. In general terms, the new management arrangements will be very similar to the existing arrangements with Aberdeen Asset Managers Limited albeit they have been updated to reflect current market practice and the regulatory requirements arising as a result of the Financial Services and Markets Act 2000 (as amended) and the AIFM Directive. It is expected that under the new management agreement the Company will appoint AFML as its AIFM to carry out, in particular, the functions of risk management and portfolio management.

Directors' & Officers' Insurance

The Company purchases and maintains liability insurance covering the Directors and officers 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.

Corporate Governance

The Statement of Corporate Governance forms part of this Directors' Report and covers the Company's compliance with The UK Corporate Governance Code and is shown on pages 28 to 35.

Going Concern

In accordance with the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009 the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of a diverse portfolio of listed equity shares and bonds which in most circumstances are realisable within a very short timescale.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 3 to 5 and have reviewed forecasts detailing revenue and liabilities and 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

During the year the Audit Committee conducted a tender for audit services. The Company's policy is to conduct a regular review of its audit arrangements and the last tender had taken place in 2004. Following a detailed and rigorous process involving large and medium-sized audit firms which culminated in presentations from the shortlisted firms, the Board, on the recommendation of the Audit Committee has resolved to recommend to shareholders the reappointment of Ernst & Young LLP at the forthcoming Annual General Meeting.

The auditor, Ernst & Young LLP, has expressed its willingness to continue in office. Resolution No. 9 to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting, along with Resolution No. 10 to authorise the Directors to fix their remuneration.

Director's Report continued

Details of fees relating to non-audit services are disclosed on pages 31 and 32.

Annual General Meeting

The Notice of Annual General Meeting is contained on pages 70 to 74 of the Annual Report.

Discount Management Policy and Special Business at Annual General Meeting

Share Buybacks

At the Annual General Meeting held on 11 April 2013, 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 previous Annual General Meeting. The principal aim of a share buyback facility is to enhance shareholder value by acquiring shares at a discount to Net Asset Value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to Net Asset Value per share, should result in an increase in the Net Asset Value 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 Net Asset Value 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 5 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 No. 14 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 net asset value. 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.

Special Resolution No. 14 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 18,772,907 Ordinary shares and 141,578 B Ordinary shares as at 10 March 2014). Such authority will expire on the date of the 2015 Annual General Meeting or on 30 June 2015, 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.

During the year ended 31 December 2013 and up to the date of this Report no share repurchases have taken place and no shares are currently held in treasury.

Issue of Shares

In terms of the Companies Act 2006 (the "Act") the Directors may not allot unissued shares unless so authorised by the shareholders. Resolution No. 12 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 the unissued share capital up to an aggregate nominal amount of £3,154,517 (equivalent to 12,523,620 Ordinary shares and 94,448 B Ordinary shares or 10% of the Company's existing issued share capital at 10 March 2014), the latest practicable date prior to the publication of this Annual Report. Such authority will expire on the date of the next Annual General Meeting or on 30 June 2015, 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 Companies Act 2006 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 No. 13 will, if passed, also give the Directors power to allot for cash equity securities up to an aggregate nominal amount of £3,154,517 (equivalent to 12,523,620 Ordinary shares and 94,448 B Ordinary shares or 10% of the Company's existing issued share capital at 10 March 2014), the latest practicable date prior to the publication of this Annual Report, as if Section 561 of the Companies Act 2006 does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution No. 12.

This authority will also expire on the date of the 2015 Annual General Meeting or on 30 June 2015, 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 No. 12 and 13 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 Net Asset Value. At present, shares are available under the savings plans operated by the Manager. In circumstances where the share price of the Company stands at a premium of 0.5% or more to Net Asset Value, it may be advantageous for the Company to allot new shares directly to participants in the savings plans or to other prospective purchasers. Such issues would only be made at prices greater than Net Asset Value, and would involve no dilution for existing shareholders. The issue proceeds would 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 No. 13 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 Net Asset Value of not less than 0.5%.

Recommendation

The Directors consider that the authorities granted 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 87,716 shares, representing approximately 0.07% of the Company's issued share capital as at 10 March 2014.

Additional Information

The following further information is disclosed in accordance with the Companies Act 2006 and DTR 7.2.6:

- The Company's capital structure and voting rights are summarised in note 14;
- Details of the substantial shareholders in the Company are listed on page 34;
- The rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 33;
- Amendment of the Company's Articles of Association and powers to issue or buy back the Company's shares requires a special resolution to be passed by shareholders;

- There are: no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; no agreements which the Company is party to that might affect its control following a takeover bid;
- There are no agreements between the Company and its Directors concerning compensation for loss of office.

By order of the Board of Murray International Trust PLC

 Aberdeen Asset Management PLC
Secretary
40 Princes Street,
Edinburgh EH2 2BY
10 March 2014

Statement of Corporate Governance

Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 24 to 27.

Introduction

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 applies the principles identified in the UK Corporate Governance Code ("UK Code") which is available on the Financial Reporting Council's website: www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the UK Code.

The Board has also considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers 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 AIC Code is available on the AIC's website: www.theaic.co.uk.

Directors

The Board consists of six non-executive Directors, all of whom are considered to be independent of the Manager ("Aberdeen Asset Managers Limited" or the "Manager") and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

Biographies of the Directors appear on pages 22 and 23 of this report and indicate their range of high level industrial, commercial and professional experience, within an international perspective.

The Board sets the Company's values and objectives and ensures that its obligations to its shareholders are met. During the year ended 31 December 2013 the Board met eight times and there was a separate strategy meeting as well as one Board Committee meeting (excluding ad hoc share allotment meetings). The primary focus at regular Board Meetings is a review of investment performance and associated matters, including gearing, asset allocation, marketing and investor relations, peer group information and industry issues. Between these meetings, the Board maintains regular contact with the Manager. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. These matters include:

- the maintenance of clear investment objectives and risk management policies.
- the monitoring of the business activities of the Company ranging from analysis of investment performance through to annual budgeting and quarterly forecasting and variance analysis.
- Companies Act requirements such as the approval of the interim and annual financial statements and approval and recommendation of the interim and final dividends respectively.
- setting the level of gearing which the Manager may operate.
- Board appointments and removals and the related terms (subject to appropriate shareholder approval).
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements relating thereto.
- terms of reference and membership of Board Committees.
- Stock Exchange/UK Listing Authority/Financial Conduct Authority – responsibility such as approval of all circulars, listing particulars and approval of all releases concerning matters decided by the Board.

The Chairman of the Company is a non-executive Director. Mr Shedden is the senior independent non-executive Director. Mr Shedden has indicated that he intends to retire

from the Board at the conclusion of the Annual General Meeting on 29 April 2014 and from that point Lady Balfour has agreed to become Senior Independent Director.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives who are responsible to the Board:

- for ensuring that Board procedures are complied with;
- under the direction of the Chairman, for ensuring good information flows with the Board and its committees, as well as facilitating induction and assisting with professional development as required; and,
- for advising through the Chairman on all corporate governance matters.

When a Director is appointed, an induction meeting is arranged by the Manager. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

Directors have attended Board meetings and Committee meetings held during the year as shown below (with their eligibility to attend the relevant meeting in brackets):

	Regular Board	Nom. Com.	Audit Com.	Other Com.**
K J Carter*	8 (8)	1 (1)	n/a	3 (3)
Lady Balfour of Burleigh	8 (8)	1 (1)	3 (3)	3 (3)
J D Best	7 (8)	1 (1)	3 (3)	2 (3)
P W Dunscombe	8 (8)	1 (1)	3 (3)	3 (3)
A C Shedden	8 (8)	1 (1)	3 (3)	2 (3)
M Campbell	8 (8)	1 (1)	3 (3)	3 (3)

* Dr Carter is not a member of either the Audit Committee or the Remuneration Committee but attended all Committee meetings by invitation

** excluding ad hoc share allotment meetings

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Manager's review and discussion documents regarding specific matters. Directors have made further enquiries where necessary.

The Board and Committees have undertaken their annual performance evaluation, by means of general discussion, questionnaire and individual interviews between the Chairman and the other Directors, to ensure that all Directors have devoted sufficient time and contributed adequately to

the work of the Board and Committees. In 2012, the Board employed the independent services of Law Debenture Governance Services Limited to carry out an external evaluation of the Board's and individual Directors' performance. Law Debenture does not have any other relationships with the Company. It is the Board's intention to use an external consultant to assist in the Board's performance evaluation at least every three years. As part of the Directors' evaluation process the training needs of Directors, if any, were discussed and agreed.

The Board and Nomination Committee have also reviewed the Chairman's and Directors' other commitments and are satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company and contribute to the effective running of the Company. The Chairman has been satisfactorily evaluated by his fellow Directors. The Board is satisfied with its current balance, performance and the contributions of its Directors during the year.

External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services: the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day to day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered in so far as they relate to the affairs of the Company. The Board receives and considers regular monitoring reports from the Manager in respect of the delegated service providers. In addition ad hoc reports and information are supplied to the Board as requested.

Internal Control

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 "Internal Control: Revised Guidance for Directors on the Combined Code" (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 FRC Guidance.

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board has prepared its own risk register which identifies potential risks relating to strategy; investment management; shareholders;

Statement of Corporate Governance continued

marketing; gearing; regulatory and financial obligations; third party service providers and the Board. The Board considers the potential cause and possible impact of these risks as well as reviewing the controls in place to mitigate these potential risks. A risk is rated by having a likelihood and an impact rating and the residual risk is plotted on a "heat map" and is reviewed regularly.

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 the Manager 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 an 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 internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Company.

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 evaluation procedure and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the compliance department of Aberdeen Asset Managers continually reviews 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 Head of Internal Audit of the Manager reports six monthly to the Audit Committee of the Company and has direct access to the Directors at any time.

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.

Committees

The composition of the Committees is shown below under the headings of each Committee. Terms of reference for each Committee are available on request and copies are also available on the Company's website.

Nomination Committee

A Nomination Committee has been established with written terms of reference, copies of which are available upon request from the Company Secretary, and also on the Company's website. The Nomination Committee met once during the year and comprises the following members, all of whom are independent from any relationship that would interfere with impartial judgement in carrying out their responsibilities:

Dr K J Carter (Chairman of the Committee)
Lady Balfour of Burleigh
Mr J D Best
Mr P W Dunscombe
Ms M Campbell
Mr A C Shedden

The Committee makes recommendations to the Board on the following matters:

- the identification and nomination of candidates to fill Board vacancies as and when they arise for the approval of the Board. The identification of such candidates is carried out in conjunction with the Board by an independent firm of consultants;
- plans for succession;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- the continuation in office of any Director at any time; and
- the appointment of any Director to another office (e.g. Chairman of the Audit Committee) other than to the position of Chairman, the recommendation for whom would be considered at a meeting of the Board.

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 recognises the benefits of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company ensures that a diverse group of candidates is considered.

The Committee met once during the year. The Committee also considered the re-election of all the Directors with the exception of Mr AC Shedden who is not standing for re-election. The Committee concluded that the knowledge and experience of each of the Directors is greatly valued by the Board and recommended their re-election at the forthcoming AGM.

In accordance with Principle 3 of the AIC's Code of Corporate Governance which recommends that the directors of FTSE 350 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, with the exception of Mr Shedden, will offer themselves for re-election.

Mr Shedden has indicated that he intends to retire from the Board at the forthcoming AGM and the Nomination Committee has instigated a search for a new independent non executive Director using the independent services of Fletcher Jones. The Company has used the external search services of Fletcher Jones in the past but does not have any other relationship with that company.

Audit Committee

An Audit Committee has been established with written terms of reference, copies of which are available upon request from the Company Secretary and also on the Company's website.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience. The Audit Committee met three times during the year and comprises the following members, all of whom are independent and free from any relationship that would interfere with impartial judgement in carrying out their responsibilities:

Mr A C Shedden (Chairman until conclusion of AGM on 11 April 2013)

Ms M Campbell (Chairman from conclusion of AGM on 11 April 2013)

Lady Balfour of Burleigh

Mr J D Best

Mr P W Dunscombe

The terms of reference of the Audit Committee are reviewed and re-assessed for their adequacy on an annual basis. The work undertaken by the Audit Committee during the year under review, in accordance with those terms of reference included:

- to review and monitor the internal control systems and risk management systems (including review of non financial risks and the Manager's policy on information security (cyber risk)) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out of pages 29 to 30);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and Administrator;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and make recommendations to the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Directors shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditor to supply non-audit services. Non-audit fees of £17,000 paid to the auditor during the year under review were for (i) agreed upon procedures in connection with the Half Yearly Report; (ii) taxation services; (iii) services in connection with the electronic filing of tax returns; and (iv)

Statement of Corporate Governance continued

services in connection with the calculation of B Ordinary share capitalisation ratios. The Committee will review any future fees in the light of the requirement to maintain the auditor's independence;

- to review a statement from the Manager detailing the arrangements in place within AAM whereby AAM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor; and
- to monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification.

Details of attendance at the Audit Committee meetings are shown on page 29.

The Board receives a letter from Ernst & Young LLP, its auditor, which notes that Ernst & Young has policies and procedures in place that instil professional values as part of its firm's culture and ensure that the highest standards of objectivity and independence and integrity are maintained. Accordingly, the Board confirms its belief that Ernst & Young is independent in accordance with the Governance Code.

Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2013, the Audit Committee considered the following significant issues:

Valuation, Existence and Ownership of Investments

How the issue was addressed - The valuation of investments is undertaken in accordance with the accounting policies, disclosed in notes 1(a) and 1(c) to the accounts on page 46. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 29 fair value hierarchy and can be verified against daily market prices. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the Auditor. The Company uses the services of an independent Custodian (JP Morgan Chase Bank) to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager and a reconciliation is also reviewed by the Auditor.

Correct Calculation of Management and Performance Fees

How the issue was addressed - The management and performance fees are calculated by the Manager and reviewed periodically by the Board. The auditor re-performs the calculations as part of its audit.

Recognition of Investment Income

How the issue was addressed - The recognition of investment income is undertaken in accordance with accounting policy note 1(b) to the accounts on page 46. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Manager provides monthly internal control reports to the Board. The allocation of material special dividends is also reviewed by the auditor.

Compliance with Sections 1158 and 1159

How the issue was addressed - Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1 January 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and Board.

Going Concern

How the issue was addressed - The Directors have considered the Company's investment objective and risk management policies, the nature of the portfolio and expenditure and cash flow projections. As a result, they have determined that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor including:

- independence (the Audit Committee discusses with the auditor, at least annually, the steps the auditor takes to ensure its independence and objectivity and the auditor makes the Committee aware of any potential issues, explaining all relevant safeguards).
- quality of audit work including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and working relationship with management (the auditor has a constructive working relationship with the Manager)
- quality of people and service including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the partner)

Ernst & Young LLP has held office as auditor since the Company's launch in 1907; in accordance with professional guidelines the audit partner is rotated after at most five years, and the current audit partner has served for five years. Shareholders have the opportunity at each AGM to vote on

the reappointment of the auditor for the forthcoming year. The Committee considers Ernst & Young LLP, the Company's auditor, to be independent of the Company and therefore supports the recommendation to the Board that the re-appointment of Ernst & Young LLP be put to shareholders for approval at the AGM.

During the year the Audit Committee conducted a tender for audit services. The Company's policy is to conduct a regular review of its audit arrangements and the last tender had taken place in 2004. Following a detailed and rigorous process involving large and medium-sized audit firms which culminated in presentations from the shortlisted firms, the Board, on the recommendation of the Audit Committee, has *resolved to recommend to shareholders the reappointment of Ernst & Young LLP at the forthcoming Annual General Meeting.*

Management Engagement Committee

As recommended by the AIC Code, a Management Engagement Committee has been established with written terms of reference, copies of which are available upon request from the Company Secretary and on the Company's website. The Management Engagement Committee met once during the year and comprises the following members, all of whom are independent and free from any relationship that would interfere with impartial judgement in carrying out their responsibilities:

Dr K J Carter (Chairman of the Committee)
Lady Balfour of Burleigh
Mr J D Best
Mr P W Dunscombe
Ms M Campbell
Mr A C Shedden

The Committee meets annually in order to review matters concerning the management agreement which exists with Aberdeen Asset Managers Limited. Details of the management agreement are shown on page 24 and 25 of the Annual Report. There was one meeting of the Committee during the year which was attended by all the Committee members.

Remuneration Committee

The Company has appointed a Remuneration Committee, comprising the following members, which met once during the year:

Lady Balfour of Burleigh (Chairman of the Committee)
Mr J D Best
Mr P W Dunscombe
Ms M Campbell
Mr A C Shedden

The UK Code recommends that all the members of the Committee should be independent. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 36 to 38.

Directors' Terms of Appointment

All non-executive Directors are appointed for an initial term of three years, subject to annual re-election and Companies Act provisions and, in accordance with the existing Articles of Association, stand for election at the first Annual General Meeting following their appointment. Although the Articles of Association state that Directors must offer themselves for re-election at least once every three years, in accordance with corporate governance best practice, each Director submits for annual re-election. Any Director who seeks re-election beyond six years will be subject to particularly rigorous review to ensure that their performance continues to be effective.

Policy on Tenure

The Board has assessed the independence of the Directors against the criteria set out in the Codes, and has concluded that they are all independent of the Manager and free of any relationship which could materially interfere with the exercise of their independent judgement. The Board takes the view that independence is not compromised by length of tenure on the Board and that experience can add significantly to the Board's strength. In the case of Mr Shedden and Lady Balfour who have been Directors since 2000 and 2003 respectively, the Board takes the view that their independence has not been compromised by their length of service and that experience as well as a long-term perspective can add significant value to a well-balanced investment trust company board comprising of non-executive directors. In considering their independence, the *Directors considered a number of factors including their experience, integrity and judgement of character.* The Directors also recognised that the Directors have no connection with the Manager, are not professional advisers who have provided services to the Manager or the Board, do not serve on any other board of a company managed by the Manager or serve as directors on companies with any of the other Company's directors. For these reasons the Board (excluding the individual Directors) believes the Directors remain independent notwithstanding their length of service.

Communication with Shareholders

The Company places great importance on communication with its shareholders. The Manager has an annual programme

Statement of Corporate Governance continued

of meetings with institutional shareholders and reports back to the Board on these meetings.

The Company has adopted a nominee code, which ensures that, when its shares are held in the name of nominee companies and notification has been received in advance, nominee companies will be provided with copies of shareholder communications for distribution to their customers. Nominee investors may attend general meetings and speak at meetings when invited by the Chairman.

Participants in the Savings Plan, whose shares are held in the nominee names of the plan administrator, are given the opportunity to vote by means of a Letter of Direction enclosed with the Annual Report. The Letter of Direction is forwarded to the administrator of the Savings Plan, who will complete a proxy on behalf of the participants and forward it to the Company's registrar for inclusion in the voting figures. Those participants who attend the Annual General Meeting are given the opportunity to speak when invited by the Chairman. As required under the Code, the Annual Report is posted to shareholders at least twenty business days before the Annual General Meeting.

The Notice of Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report on pages 26 and 27. Separate resolutions are proposed for each issue.

The Board is very conscious that the Annual General Meeting is an event for all shareholders and encourages them to attend and participate. The Manager makes a presentation to the meeting outlining the key investment issues that affect the Company. All shareholders have the opportunity to put questions at the Company's Annual General Meeting. The number of proxy votes is relayed to shareholders at the Annual General Meeting, after each resolution has been dealt with on a show of hands.

Shareholders also have direct access to the Company via the free shareholder information telephone service run by the Manager, and the Company and the Manager respond to letters from shareholders. The Manager meets regularly with major shareholders and reports back to the Board on these visits. A website from which the Company's reports and other publications can be downloaded is maintained on www.murray-intl.co.uk.

Substantial Interests

At 31 December 2013 the following were registered or had notified the Company as being interested in 3% or more of the Company's Ordinary share capital:

Name of shareholder	Number of Ordinary shares held	% of Ordinary shares held
Brewin Dolphin Stockbrokers	10,236,643	8.2
Aberdeen Investment Trust Savings Plans ^A	9,166,281	7.3
Speirs & Jeffrey Stockbrokers	8,798,607	7.0
Rathbones	6,458,336	5.2
Investec Wealth & Investment	5,767,670	4.6
Alliance Trust Savings ^A	4,531,755	3.6

^A Non-beneficial interests

	Number of B Ordinary shares held	% of B Ordinary shares held
Speirs & Jeffrey	244,223	26.1

There have been no significant changes notified in respect of the above holdings between 31 December 2013 and 10 March 2014.

Share Capital

The issued Ordinary share capital at 31 December 2013 amounted to 125,126,207 Ordinary and 935,633 B Ordinary shares. Details of the changes in share capital during the year are provided in note 14 to the financial statements. On 18 February 2014 the issued B Ordinary share capital increased to 944,489 B Ordinary shares following the capitalisation issue of 8,856 B Ordinary shares in lieu of the third interim dividend. Between 31 December 2013 and the date of this report, 110,000 new Ordinary shares were issued for cash at a premium to the prevailing net asset value.

Proxy Voting and Stewardship

The Financial Reporting Council (FRC) published "the UK Stewardship Code" for Institutional shareholders on 2 July 2010. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code. The Board has delegated responsibility for actively monitoring the activities of portfolio companies to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the portfolio company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights. The Manager's policy is to vote all shares held by the Company.

The Board has reviewed, and endorses, the Manager's Corporate Governance Principles, which may be found on the Manager's website, at: <http://www.aberdeen-asset.com/doc.nsf/Lit/CorporateGovernanceGroupPrinciples>

This sets out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing. The Board has also reviewed the Manager's Statement of Compliance with the Code, which appears on the Manager's website, at: <http://www.aberdeen-asset.com/aam.nsf/AboutUs/governancestewardship>

The Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights.

Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective however is to deliver superior investment returns for its shareholders. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

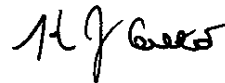
Declaration

The Directors listed on page 24, being the persons responsible, hereby confirm to the best of their knowledge:

- that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy. In reaching this conclusion the Board has assumed that the reader of the Annual Report and Accounts would have a reasonable level of general investment knowledge, and in particular, of investment trusts; and

- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

Kevin Carter
Chairman
10 March 2014



Directors' Remuneration Report

The Board has prepared this report in accordance with the new regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises two parts:

- (i) Remuneration Policy, which will be subject to a binding shareholder vote to be put to the members at the forthcoming AGM in the first instance and then every three years thereafter. Should the Remuneration Policy be varied during this interval, then Shareholder approval for the new Remuneration Policy will be sought; and
- (ii) An annual report on the implementation of remuneration, which provides information on how the policy has been applied during the year and which will be subject to an advisory vote on the level of remuneration paid during the year as set out in the Implementation Report.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 40 and 41.

The fact that the Remuneration Policy will now be subject to a binding vote does not imply any change on the part of the Company. The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future, except for the aggregate fee increase and Directors' fees, as set out in the Implementation Report below.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. The Company has six independent non-executive Directors. The Remuneration Committee, chaired by Lady Balfour of Burleigh, comprises the non-executive Directors, excluding the Chairman of the Company as detailed on page 33.

The Directors are non-executive and their fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum to £225,000. The level of cap may be increased by shareholder resolution from time to time. Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Fees are reviewed annually and if considered appropriate, increased accordingly.

	1 January 2014 £	1 January 2013 £
Chairman	42,000	40,000
Chairman of Audit Committee	28,000	27,000
Director	23,000	22,000
Senior Independent Director	Extra 2,000	Extra 2,000

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter. Currently the whole Board submits for annual re-election in line with best practice.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £23,000).
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors. 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.

It is intended that, if approved, the Remuneration Policy will take effect at the conclusion of the AGM on 29 April 2014.

Implementation Report

Directors' Fees Increase

The Board carried out a review of the level of Directors' fees during the year and concluded that the amounts should be increased to £42,000, £28,000 and £23,000 for the Chairman, Audit Committee Chairman and remaining Directors respectively, effective from 1 January 2014. The Senior Independent Director continues to be entitled to an extra £2,000 per annum. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

Also during the year the Board carried out a review of investment performance. The graph below compares the total return (assuming all dividends are reinvested) to Ordinary shareholders, assuming a notional investment of £100 into the Company on 31 December 2008, compared with the total shareholder return on a notional investment made up of shares of the same kinds and number as those by reference to which the FTSE World-UK Index and FTSE World Index ex-UK are calculated. These indices were chosen for comparison purposes, as they are components of the Company's benchmark (40% FTSE World UK Index and 60% FTSE World ex-UK Index) and are the benchmarks used for investment performance measurement purposes by most of the Company's peer group.

Please note that past performance is not a guide to future performance.

Statement of Voting at General Meeting

At the Company's last AGM, held on 11 April 2013, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 December 2012. 98.35% of votes were in favour of the resolution, 0.55% were discretionary, 0.8% were against, and 0.3% abstained.

Spend on Pay

As the Company has no employees, the Directors do not consider that it is relevant to present a table comparing

remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown below.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

Director	2013 £	2012 £	Taxable Benefits 2013	Taxable Benefits 2012
K J Carter	40,000	40,000	-	-
A C Shedden*	24,842	27,000	-	-
Lady Balfour of Burleigh	22,000	22,000	-	-
J D Best	22,000	22,000	-	-
P W Dunscombe	22,000	22,000	-	-
M Campbell**	24,158	14,911	-	-
Total	155,000	147,911	-	-

* retired as Audit Committee Chairman on 11 April 2013

**Appointed 27 April 2012 and appointed Audit Committee Chairman on 11 April 2013

Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties from the fees referred to in the table above.

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 December 2013 and 31 December 2012 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below (Directors do not have any beneficial interests in the B Ordinary share capital).

	31 Dec 2013 Ordinary 25p	31 Dec 2012 Ordinary 25p
K J Carter	15,000	15,000
A C Shedden	9,612	9,132
Lady Balfour of Burleigh	1,300	1,300
J D Best	47,500	47,500
P W Dunscombe	3,850	3,850
M Campbell	5,338	5,338

Mr A C Shedden's beneficial holding increased to 9,728 Ordinary shares by the acquisitions of 21, 74 and 21 Ordinary shares on 24 January 2014, 19 February 2014 and 22 February 2014 respectively. Dr Carter's beneficial holding increased to 20,000 Ordinary shares following the purchase of 5,000 Ordinary shares on 23 January 2014. With the exception of these further disclosures, the above holdings were unchanged at 10 March 2014, being the nearest practicable date prior to the signing of this Annual Report.

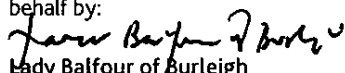
Directors' Remuneration Report continued

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I, Lady Balfour of Burleigh, Chairman of the Remuneration Committee, confirm that the above Report on Remuneration Policy and Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2013:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors on 10 March 2014 and signed on its behalf by:



Lady Balfour of Burleigh

Director

10 March 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with 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). 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 of 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 judgments and accounting estimates that are reasonable and prudent; and,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

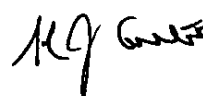
The financial statements are published on www.murray-intl.co.uk which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of his or her knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces; and
- that in the opinion of the Board, the Annual Report and Accounts taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy.

For Murray International Trust PLC

Kevin Carter
Chairman
10 March 2014



Independent Auditor's Report to the Members of Murray International Trust PLC

We have audited the financial statements of Murray International Trust PLC the year ended 31 December 2013 which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 39, the directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the Company's profit/loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- Incorrect valuation and ownership of the investment portfolio; and
- Management and performance fees are not calculated correctly in accordance with the investment management agreement.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements on our audit and on the financial statements and in forming our audit opinion.

We determined planning materiality for the Company to be £12.3 million, which is 1% of equity shareholders' funds. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75% of materiality, namely £9.2 million. Our objective in adopting this approach was to ensure that total detected and undetected audit differences in all accounts did not exceed our materiality level. Given the importance of the distinction between revenue and capital for the Company we have also applied a separate performance materiality of £ 2.9 million for the Income Statement, being 5% of the return on ordinary activities before taxation.

We have agreed to report to the Committee any audit differences in excess of £0.6 million, as well as differences below that threshold that in our view warrant reporting on qualitative grounds.

An overview of the scope of our audit

- Our response to the risks identified above was as follows:
- We agreed the year end prices to an independent source and the investment holdings to the independent custodian report; and
- We independently recalculated management fee and performance fee calculations for the year with reference to contractual arrangements and agreed the calculation inputs to source data.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:
Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 25, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Ernst & Young LLP
Susan Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Edinburgh
10 March 2014

Income Statement

	Notes	Year ended 31 December 2013			Year ended 31 December 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	10	–	150	150	–	101,381	101,381
Income	2	63,717	–	63,717	55,141	–	55,141
Investment management fees	3	(2,038)	(4,756)	(6,794)	(1,763)	(4,116)	(5,879)
Performance fees	4	–	5,336	5,336	–	(3,246)	(3,246)
Currency (losses)/gains	18	–	(411)	(411)	–	692	692
Other expenses	5	(1,964)	–	(1,964)	(1,944)	–	(1,944)
Net return before finance costs and taxation		59,715	319	60,034	51,434	94,711	146,145
Finance costs	6	(1,384)	(3,229)	(4,613)	(1,246)	(2,911)	(4,157)
Return on ordinary activities before tax		58,331	(2,910)	55,421	50,188	91,800	141,988
Tax on ordinary activities	7	(3,514)	310	(3,204)	(3,532)	382	(3,150)
Return attributable to equity shareholders		54,817	(2,600)	52,217	46,656	92,182	138,838
Return per Ordinary share assuming full conversion of the B Ordinary shares (pence)	9	43.8	(2.1)	41.7	39.8	78.5	118.3

The total column of this statement represents the profit and loss account of the Company. The 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

No operations were acquired or discontinued in the year.

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

		£'000	£'000	£'000	£'000	£'000	£'000
Ordinary dividends on equity shares	8	51,328	–	51,328	44,911	–	44,911

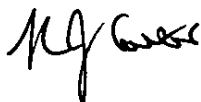
The above dividend information does not form part of the Income Statement.

Balance Sheet

	Notes	As at 31 December 2013 £'000	As at 31 December 2012 £'000
Non-current assets			
Investments listed at fair value through profit or loss	10	1,421,277	1,327,532
Current assets			
Debtors	11	6,827	5,169
Cash and short term deposits		4,535	25,940
		11,362	31,109
Creditors: amounts falling due within one year			
Bank loans	12/13	(13,212)	(58,525)
Other creditors	12	(5,114)	(14,873)
		(18,326)	(73,398)
Net current liabilities		(6,964)	(42,289)
Total assets less current liabilities		1,414,313	1,285,243
Creditors: amounts falling due after more than one year			
Bank loans and Debentures	12/13	(177,595)	(87,664)
Other creditors	12	–	(5,336)
		(177,595)	(93,000)
Net assets		1,236,718	1,192,243
Capital and reserves			
Called-up share capital	14	31,516	30,546
Share premium account		324,866	282,240
Capital redemption reserve		8,230	8,230
Capital reserve	15	803,986	806,596
Revenue reserve		68,120	64,631
Equity shareholders' funds		1,236,718	1,192,243
Net Asset Value per Ordinary and B Ordinary share (pence)	16	981.0	975.8

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2014 and were signed on its behalf by:

Kevin Carter
Director



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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 December 2013

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2012		30,546	282,240	8,230	806,596	64,631	1,192,243
Return on ordinary activities after taxation		–	–	–	(2,600)	54,817	52,217
Dividends paid	8	–	–	–	–	(51,328)	(51,328)
Issue of new shares		970	42,626	–	(10)	–	43,586
Balance at 31 December 2013		31,516	324,866	8,230	803,986	68,120	1,236,718

For the year ended 31 December 2012

		Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2011		28,000	185,712	8,230	714,424	62,886	999,252
Return on ordinary activities after taxation		–	–	–	92,182	46,656	138,838
Dividends paid	8	–	–	–	–	(44,911)	(44,911)
Issue of new shares		2,546	96,528	–	(10)	–	99,064
Balance at 31 December 2012		30,546	282,240	8,230	806,596	64,631	1,192,243

The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

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

Cash Flow Statement

		Year ended 31 December 2013		Year ended 31 December 2012	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	17		45,916		42,571
Returns on investments and servicing of finance					
Interest paid		(4,435)		(4,233)	
Net cash outflow from servicing of finance			(4,435)		(4,233)
Financial investment					
Purchases of investments		(224,593)		(162,382)	
Sales of investments		131,949		77,474	
Net cash outflow from financial investment			(92,644)		(84,908)
Equity dividends paid	8		(51,328)		(44,911)
Net cash outflow before financing			(102,491)		(91,481)
Financing					
Share issue	14	43,586		99,064	
Loan drawdown		53,924		–	
Net cash inflow from financing			97,510		99,064
(Decrease)/increase in cash	18		(4,981)		7,583

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

Notes to the Financial Statements For the year ended 31 December 2013

1. Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable UK Law and Accounting Standards (UK Generally Accepted Accounting Practice) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

(b) Income

Dividends receivable on equity shares (other than special dividends) 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.

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

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

(c) Expenses

All expenses are accounted for on an accruals basis and are charged to the Income Statement. Expenses are charged against revenue except as follows:

- transaction costs on the acquisition or disposal of investments are charged to the capital account in the Income Statement;
- expenses are treated as a capital item in the Income Statement 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. The performance fee has been charged 100% to the capital reserve, as the fee will have arisen wholly or predominantly by virtue of the capital performance of the investments.

(d) Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet 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 Balance Sheet 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 Balance Sheet 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 Income Statement 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

All investments have been designated upon initial recognition as 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 initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this 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 Income Statement and are ultimately recognised in the capital reserve.

(f) Borrowings

Monies borrowed to finance the investment objectives of the Company are stated at the amount of the net proceeds immediately after issue plus cumulative finance costs less cumulative payments made in respect of the debt. 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 Income Statement to reflect the Company's investment policy and prospective income and capital growth.

(g) Exchange rates

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Translation of all other foreign currency balances including foreign assets and foreign liabilities is at the rates of exchange at the year end. Differences arising from translation are treated as a gain or loss to capital or revenue within the Income Statement depending upon the nature of the gain or loss.

(h) Derivative financial instruments

Financial derivatives are measured at fair value based on an appropriate model. Changes in the fair value of derivative financial instruments are recognised in the Income Statement. If capital in nature, the associated change in value is presented as a capital item in the Income Statement.

	2013 £'000	2012 £'000
2. Income		
Income from investments:		
UK dividends	8,864	7,721
UK unfranked investment income	703	1,025
Overseas dividends	48,389	41,477
Overseas interest	5,756	4,913
	63,712	55,136
Interest:		
Deposit interest	5	5
Total income	63,717	55,141
	2013 £'000	2012 £'000
Income from investments comprises:		
Listed UK	9,567	8,746
Listed overseas	54,145	46,390
	63,712	55,136

Notes to the Financial Statements continued

	Revenue	2013 Capital	Total	Revenue	2012 Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
3. Investment management fees						
Investment management fees	2,038	4,756	6,794	1,763	4,116	5,879

Details of the fee basis are contained in the Directors' Report on page 24.

	Revenue	2013 Capital	Total	Revenue	2012 Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
4. Performance fees						
Performance fees	–	(5,336)	(5,336)	–	3,246	3,246

Details of the fee basis are contained in the Directors' Report on page 25. Due to underperformance against the Company's benchmark during the year, a claw-back of previously earned but unpaid performance fees of £5,336,000 was triggered under the terms of the performance fee agreement.

	2013 £'000	2012 £'000
5. Other expenses		
Shareholders' services ^A	755	757
Directors' remuneration	155	148
Irrecoverable VAT	52	67
Secretarial fees	100	100
Auditor's fees for:		
– Statutory audit	23	23
– Other assurance services	8	7
– Tax compliance	9	19
Administrative expenses ^B	862	823
	1,964	1,944

^A Includes registration, savings scheme and other wrapper administration and promotion expenses, of which £558,000 (2012 – £579,000) was payable to Aberdeen Asset Managers Limited (AAM) to cover marketing activities during the year. At the year end £122,000 (2012 – £145,000) was due to AAM.

^B Includes bank charges and custody fees of £477,000 (2012 – £462,000), stock exchange fees of £130,000 (2012 – £146,000) and printing, postage and stationery costs of £84,000 (2012 – £99,000).

	Revenue	2013 Capital	Total	Revenue	2012 Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
6. Finance costs						
Bank loans and overdrafts	1,293	3,017	4,310	1,019	2,381	3,400
Swap contracts	89	208	297	225	526	751
Debenture Stock	2	4	6	2	4	6
	1,384	3,229	4,613	1,246	2,911	4,157

7. Taxation	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Tax charge						
The tax charge comprises:						
Current UK tax	651	–	651	486	–	486
Tax relief to capital	310	(310)	–	382	(382)	–
Overseas tax	4,360	–	4,360	4,176	–	4,176
Overseas tax reclaimable	(1,156)	–	(1,156)	(1,026)	–	(1,026)
Double taxation relief	(651)	–	(651)	(486)	–	(486)
Total tax	3,514	(310)	3,204	3,532	(382)	3,150

(b) Factors affecting the tax charge for the year

The UK corporation tax rate was 24% until 31 March 2013 and 23% from 1 April 2013, giving an effective rate of 23.25% (2012 – 24.5%). The tax assessed for the year is lower than the effective corporation tax rate. The differences are explained below:

	2013			2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	58,331	(2,910)	55,421	50,188	91,800	141,988
Tax thereon at an effective rate of 23.25% (2012 – 24.5%)	13,562	(677)	12,885	12,296	22,491	34,787
Effects of:						
Non taxable UK dividends	(2,061)	–	(2,061)	(1,892)	–	(1,892)
Gains on investments not taxable	–	(34)	(34)	–	(24,838)	(24,838)
Currency losses/(gains) not taxable	–	95	95	–	(170)	(170)
Non taxable overseas dividends	(10,540)	–	(10,540)	(9,536)	–	(9,536)
Irrecoverable overseas tax suffered	4,360	–	4,360	4,176	–	4,176
Overseas tax reclaimable	(1,156)	–	(1,156)	(1,026)	–	(1,026)
Double taxation relief	(651)	–	(651)	(486)	–	(486)
Tax relief obtained by expenses capitalised	310	(310)	–	382	(382)	–
Expenses charged to capital available to be utilised	(616)	616	–	(2,517)	2,517	–
Excess management expenses	306	–	306	2,135	–	2,135
	3,514	(310)	3,204	3,532	(382)	3,150

No provision for deferred tax has been made in the current or prior accounting period.

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 an unrecognised deferred tax asset of £2,111,000 (2012 – £2,769,000) arising as a result of unutilised management expenses and loan relationship deficits of £10,555,000 (2012 – £12,039,000). Any excess management expenses will be utilised against any taxable income that may arise.

Notes to the Financial Statements continued

	2013 £'000	2012 £'000
8. Ordinary dividends on equity shares		
Amounts recognised as distributions paid during the year:		
Third interim for 2012 of 9.0p (2011 – 8.0p)	10,915	8,891
Final dividend for 2012 of 13.5p (2011 – 13.0p)	16,643	14,818
First interim for 2013 of 9.5p (2012 – 9.0p)	11,885	10,499
Second interim for 2013 of 9.5p (2012 – 9.0p)	11,885	10,703
	51,328	44,911

In accordance with UK GAAP the third interim dividend and proposed final dividend for 2013 have not been included as liabilities in these financial statements. The proposed final dividend for 2013 is subject to approval by shareholders at the Annual General Meeting.

We set out below 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 £54,817,000 (2012 – £46,656,000).

	2013 £'000	2012 £'000
Three interim dividends for 2013 of 9.5p (2012 – 9.0p)	35,657	32,117
Proposed final dividend for 2013 of 14.5p (2012 – 13.5p)	18,159	16,631
	53,816	48,748

Subsequent to the year end the Company has issued a further 110,000 Ordinary shares; therefore the amount reflected above for the cost of the proposed final dividend for 2013 is based on 125,236,207 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this Report.

9. Returns per share	2013	2012
Returns have been based on the following figures:		
Weighted average number of Ordinary shares	124,315,341	116,468,656
Weighted average number of B Ordinary shares	918,448	883,841
Weighted average number of Ordinary shares assuming conversion of B Ordinary shares	125,233,789	117,352,497
	£'000	£'000
Revenue return attributable to equity shareholders	54,817	46,656
Capital return attributable to equity shareholders	(2,600)	92,182
Total return attributable to equity shareholders	52,217	138,838

10. Investments listed at fair value through profit or loss	2013 £'000	2012 £'000
Opening valuation	1,327,532	1,140,963
Opening investment holdings gains	(403,974)	(314,276)
Opening book cost	923,558	826,687
Movements during the year:		
Purchases	224,593	162,382
Sales – proceeds	(131,949)	(77,474)
Sales – realised gains	35,814	11,683
Amortisation of fixed income book cost	951	280
Closing book cost	1,052,967	923,558
Closing investment holdings gains	368,310	403,974
Closing valuation	1,421,277	1,327,532

The portfolio valuation	2013 £'000	2012 £'000
Listed on stock exchanges at bid valuation:		
United Kingdom:		
– equities	204,452	177,556
– fixed income	16,650	16,083
Overseas:		
– equities	1,114,407	1,066,169
– fixed income	85,768	67,724
Total	1,421,277	1,327,532

Gains on investments	2013 £'000	2012 £'000
Realised gains based on book cost	35,814	11,683
Net movement in investment holdings gains	(35,664)	89,698
	150	101,381

All investments are categorised as held at fair value through profit and loss and were designated as such upon initial recognition.

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 on investments in the Income Statement. The total costs were as follows:

	2013 £'000	2012 £'000
Purchases	485	301
Sales	208	71
	693	372

Notes to the Financial Statements continued

	2013 £'000	2012 £'000
11. Debtors: amounts falling due within one year		
Current taxation	1,121	916
Other debtors	53	52
Prepayments and accrued income	5,653	4,201
	6,827	5,169

None of the above amounts are overdue.

	2013 £'000	2012 £'000
12. Creditors		
Amounts falling due within one year:		
Bank loans (note 13)	13,212	58,525
Swap contracts	–	315
Forward contracts	2,413	8,805
Accruals	2,701	5,753
	18,326	73,398

	2013 £'000	2012 £'000
Amounts falling due after more than one year:		
Bank loans and Debentures (note 13)	177,595	87,664
Accruals	–	5,336
	177,595	93,000

Management fees of £1,765,000 (2012 – £1,522,000) were outstanding at the year end to the Manager.

A performance fee of £nil (2012 – £8,768,000) was outstanding at the year end to the Manager. In 2012 £5,336,000 fell due after more than one year.

All financial liabilities are included at amortised cost or at fair value for swap and forward contracts.

	2013 £'000	2012 £'000
13. Bank loans and Debentures		
Secured by floating charge and repayable other than by instalments or at the Company's option:		
– 4% Debenture Stock	150	150
Unsecured bank loans repayable:		
<i>within one year</i>		
– Yen 1,900,000,000 at 0.77657% – 4 June 2013	–	13,519
– Yen 6,325,600,000 at 0.77657% – 4 June 2013	–	45,006
– Yen 2,300,000,000 at 2.03% – 16 February 2014	13,212	16,364
<i>in more than one year but no more than five years</i>		
– Yen 8,400,000,000 at 3.17% – 13 May 2015	48,254	59,766
– Yen 1,600,000,000 at 2.82% – 15 May 2016	9,191	11,384
– £60,000,000 at 2.21% – 31 May 2017	60,000	–
– £60,000,000 at 2.575% – 31 May 2018	60,000	–
	190,807	146,189

The terms of these loans 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 early, then no such charges are included in the cash flows used to determine their effective interest rate.

The Company currently has a fixed rate term loan facility with ING Bank N.V., which is fully drawn down and has a maturity date of 15 May 2016.

The Company currently has four fixed rate term loan facilities with The Royal Bank of Scotland plc ("RBS"), all of which are fully drawn down and have maturity dates of 16 February 2014, 13 May 2015, 31 May 2017 and 31 May 2018 respectively.

On 14 February 2014 the Company agreed a new £15 million loan facility with RBS which was drawn in full and fixed at an interest rate of 2.00% until 15 May 2016. At the same time the Yen 2.3 billion loan expiring on 16 February 2014 was repaid in full.

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 £600 million. At 31 December 2013 net assets were £1,236,718,000 and borrowings were 15.4% thereof.

14. Share capital	2013		2012	
	Number	£'000	Number	£'000
Allotted, called up and fully paid:				
Ordinary shares of 25p each	125,126,207	31,282	121,283,242	30,321
B Ordinary shares of 25p each	935,633	234	899,997	225
	126,061,840	31,516	122,183,239	30,546

During the year 3,840,500 Ordinary shares were issued pursuant to the Company's block listing facility. All of these shares were issued at a premium to net asset value, enhancing net assets per share for existing shareholders. The issue prices ranged from 1054p to 1243p and raised a total of £43,586,000, net of expenses. These expenses have been offset against the capital reserve.

In accordance with Article 131 of the Company's Articles of Association, 8,716 B Ordinary shares, 12,832 B Ordinary shares, 8,039 B Ordinary shares, and 8,514 B Ordinary shares were allotted by way of capitalisation of reserves on 18 February, 16 May, 16 August and 15 November 2013 respectively.

On 1 July 2013, 2,465 B Ordinary shares were converted into a like number of Ordinary shares of 25p in accordance with Article 47 of the Company's Articles of Association. When the nominal value of the allotted and fully paid B Ordinary shares is less than £100,000 the Directors may, under the terms of Article 47(B), require the conversion of such shares into Ordinary shares. The net asset value at the conversion date of 1 July 2013 was 1018.10p per share.

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 and B Ordinary shareholders the amounts paid up on such shares. Any surplus shall be divided among the holders of Ordinary and B Ordinary shares *pari passu* 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 89 votes for every 25p nominal amount of Ordinary or B Ordinary shares held.

Notes to the Financial Statements continued

	2013 £'000	2012 £'000
15. Capital reserve		
At 31 December 2012	806,596	714,424
Movement in fair value gains	150	101,381
Capitalised expenses (net of tax)	(2,339)	(9,891)
Issue of shares	(10)	(10)
Currency (losses)/gains	(411)	692
At 31 December 2013	803,986	806,596

Included in the total above are investment holdings gains at the year end of £368,310,000 (2012 – £403,974,000).

16. Net asset value per share

The net asset value per share and the net asset value attributable to the Ordinary shares (including conversion of the B Ordinary shares), at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share		Net asset value attributable	
	2013 p	2012 p	2013 £'000	2012 £'000
Ordinary and B Ordinary shares (note 14)	981.0	975.8	1,236,718	1,192,243

	2013 £'000	2012 £'000
17. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities		
Net return before finance costs and taxation	60,034	146,145
Add: gains on investments	(150)	(101,381)
Add: currency losses/(gains)	411	(692)
Amortisation of fixed income book cost	(951)	(280)
(Increase)/decrease in accrued income	(1,452)	1,192
(Increase)/decrease in other debtors	(1)	115
(Decrease)/increase in accruals	(8,566)	363
Tax on unfranked income – overseas	(3,409)	(2,891)
	45,916	42,571

	At 31 December 2012 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2013 £'000
18. Analysis of changes in net debt					
Cash and short term deposits	25,940	(16,424)	(4,981)	–	4,535
Forward contracts	(8,805)	6,392	–	–	(2,413)
Swap	(315)	315	–	–	–
Debt due within one year	(58,525)	3,152	58,525	(16,364)	(13,212)
Debt due after more than one year	(87,664)	6,154	(112,449)	16,364	(177,595)
	(129,369)	(411)	(58,905)	–	(188,685)

	At 31 December 2011 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 December 2012 £'000
Cash and short term deposits	32,600	(14,243)	7,583	–	25,940
Forward contracts	2,715	(11,520)	–	–	(8,805)
Swap	(1,151)	836	–	–	(315)
Debt due within one year	–	9,790	–	(68,315)	(58,525)
Debt due after more than one year	(171,808)	15,829	–	68,315	(87,664)
	(137,644)	692	7,583	–	(129,369)

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.

19. Derivatives and other financial instruments

Risk management

The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, loans and debentures 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 also has the ability to enter into derivative transactions in the form of swap contracts, forward foreign currency contracts, futures and options, for the purpose of managing currency and market risks arising from the Company's activities.

The Manager has a dedicated investment management process, which ensures that the investment policy explained on page 3 is achieved. Stock selection procedures are in place based on the active portfolio management and identification of stocks. The portfolio is reviewed on a periodic basis by a Senior Investment Manager and also by the Manager's Investment Committee.

The Company's Manager has an independent Investment Risk department for reviewing the investment risk parameters of all core equity, fixed income and alternative asset classes on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Additionally, the Manager's Compliance department continually monitors the Company's investment and borrowing powers and reports to the Manager's Risk Management Committee.

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

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market risk

The fair value or 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, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;

Notes to the Financial Statements continued

- the level of income receivable on cash deposits;
- interest payable on the Company's variable rate borrowings.

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

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, revolving, and uncommitted facilities. The fixed rate facilities are used to finance opportunities at low rates and, the revolving and uncommitted facilities to provide flexibility in the short-term. Current bank covenant guidelines state that the total borrowings will not exceed 40% of the adjusted net tangible assets of the Company.

Interest risk profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Balance Sheet date was as follows:

At 31 December 2013	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	4.09	5.38	16,650	4,522	204,452
US Dollar	16.33	6.81	63,326	–	346,915
Euro	11.47	4.50	14,364	–	112,172
Other	11.82	9.75	8,078	13	655,320
Total assets			102,418	4,535	1,318,859
Liabilities					
Bank loans	2.93	2.58	(190,657)	–	–
Debenture Stock	–	–	(150)	–	–
Total liabilities			(190,807)	–	–

At 31 December 2012	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	5.09	5.38	16,083	25,920	177,556
US Dollar	12.53	7.16	41,330	–	282,176
Euro	12.47	4.50	13,176	–	107,199
Other	12.86	9.75	13,218	20	676,794
Total assets			83,807	25,940	1,243,725

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non- interest bearing £'000
Liabilities					
Bank loans – Japanese Yen	1.53	2.06	(146,039)	–	–
Debenture Stock	–	–	(150)	–	–
Accruals	–	–	–	–	(5,336)
Total liabilities			(146,189)	–	(5,336)

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 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.

Forward currency contracts are measured at fair value. Other financial liabilities are measured at amortised cost.

Maturity profile

The table below shows the timing of cash outflows to settle the Company's financial liabilities at the Balance Sheet date.

	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
At 31 December 2013							
Bank loans	13,212	48,254	9,191	60,000	60,000	–	190,657
Debenture Stock ^A	–	–	–	–	–	150	150
Interest cash flows on bank loans and Debenture Stock	4,684	3,924	3,015	2,212	776	217	14,828
Cash flow on forward currency contracts	2,413	–	–	–	–	–	2,413
Cash flows on other creditors	2,701	–	–	–	–	–	2,701
	23,010	52,178	12,206	62,212	60,776	367	210,749

^A The Debenture Stock is perpetual and has therefore been disclosed as maturing after more than 5 years.

Notes to the Financial Statements continued

	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
At 31 December 2012							
Bank loans	58,525	16,364	59,766	11,384	–	–	146,039
Debenture Stock ^A	–	–	–	–	–	150	150
Interest cash flows on bank loans and Debenture Stock	2,585	2,420	1,283	167	6	223	6,684
Interest cash flows on swaps	356	–	–	–	–	–	356
Cash flow on forward currency contracts	8,805	–	–	–	–	–	8,805
Cash flows on other creditors	5,752	2,755	1,769	812	–	–	11,088
	76,023	21,539	62,818	12,363	6	373	173,122

^A The Debenture Stock is perpetual and has therefore been disclosed as maturing after more than 5 years.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the Balance Sheet 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. There is no interest rate risk exposure from derivative instruments.

If interest rates had been 100 basis points higher or lower (based on 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 2013 would increase/decrease by £45,000 (2012 – increase/decrease by £259,000). 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.
- equity reserves would increase/decrease by £4,381,000 (2012 – increase/decrease by £10,205,000). This is also mainly attributable to the Company's exposure to interest rates on cash balances and its fixed interest portfolio. These figures have been calculated based on cash and fixed interest portfolio positions at each year end.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will also fluctuate depending on the current market perception.

Foreign currency risk

A significant proportion of the Company's investment portfolio is invested in overseas securities and the Balance Sheet can be significantly affected by movements in foreign exchange rates. 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. A significant proportion of the Company's borrowings, as detailed in note 13, is in foreign currency as at 31 December 2013. 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 2013 the Company had a foreign currency contract, details of which are disclosed on page 60. During the year a loss of £28,332,000 (2012 – loss of £14,614,000) was realised.

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

Currency risk exposure (excluding foreign exchange contracts due to the reason their being entered into is to

mitigate foreign currency risk) by currency of denomination:

	31 December 2013			31 December 2012		
	UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000	UK and overseas equity investments £'000	Net monetary assets £'000	Total currency exposure £'000
US Dollar	346,915	–	346,915	282,176	–	282,176
Sterling	204,452	4,522	208,974	177,556	25,920	203,476
Euro	112,172	–	112,172	107,199	–	107,199
Swiss Franc	99,729	–	99,729	88,148	–	88,148
Taiwan Dollar	71,155	11	71,166	75,020	14	75,034
Hong Kong Dollar	67,330	–	67,330	94,222	–	94,222
Canadian Dollar	55,907	–	55,907	56,052	–	56,052
Swedish Krone	47,286	–	47,286	25,839	–	25,839
Malaysian Ringgit	46,978	–	46,978	46,214	–	46,214
Brazilian Real	46,122	–	46,122	65,777	–	65,777
Singapore Dollar	41,517	–	41,517	40,173	–	40,173
Indonesian Rupiah	36,117	–	36,117	42,488	–	42,488
Australian Dollar	35,783	–	35,783	19,439	–	19,439
Mexican Peso	29,012	–	29,012	36,223	–	36,223
South African Rand	27,523	2	27,525	–	–	–
Japanese Yen	38,624	(70,657)	(32,033)	53,436	(58,519)	(5,083)
Thailand Baht	12,237	–	12,237	13,153	–	13,153
Indian Rupee	–	–	–	20,610	–	20,610
Total	1,318,859	(66,122)	1,252,737	1,243,725	(32,585)	1,211,140

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% increase and decrease in sterling against the major foreign currencies in which the Company has exposure (based on exposure >5% of total exposure and excludes foreign exchange contracts due to the reason their being entered into is to mitigate foreign currency risk). 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.

	2013 Revenue £'000	2013 Equity £'000	2012 Revenue £'000	2012 Equity £'000
US Dollar	1,738	34,692	875	28,218
Euro	768	11,217	700	10,720
Swiss Franc	382	9,973	339	8,815
Taiwan Dollar	286	7,116	242	7,502
Hong Kong Dollar	266	6,733	286	9,422
Brazilian Real	–	–	222	6,578
Total	3,440	69,731	2,664	71,255

^A Represents equity exposures to the relevant currencies.

Notes to the Financial Statements continued

Foreign exchange contracts

The following Japanese Yen forward contracts were outstanding at the Balance Sheet date:

Date of contract	Settlement date	Amount JPY '000	Contracted rate	Unrealised loss at 31 December 2013 £'000
3 December 2013	6 March 2014	12,300,000	173.95	2,413

The fair value of forward foreign currency contracts is based on forward exchange rates at the Balance Sheet date.

Other 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.

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 page 64, 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.

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 December 2013 would have increased/decreased by £142,128,000 (2012 – increase/decrease of £132,753,000) and equity reserves 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 on page 57.

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.

The risk is not significant, and is managed as follows:

- 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 large 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 review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. 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 Balance Sheet, the maximum exposure to credit risk at 31 December 2013 was as follows:

	2013		2012	
	Balance Sheet	Maximum exposure	Balance Sheet	Maximum exposure
	£'000	£'000	£'000	£'000
Non-current assets				
Securities at fair value through profit or loss	1,421,277	1,421,277	1,327,532	1,327,532
Current assets				
Current taxation	1,121	1,121	916	916
Other debtors	53	53	52	52
Accrued income	5,653	5,653	4,201	4,201
Cash and short term deposits	4,535	4,535	25,940	25,940
	1,432,639	1,432,639	1,358,641	1,358,641

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

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £195,401,000 as at 31 December 2013 (2012 – £150,759,000) compared to an accounts value in the financial statements of £190,807,000 (2012 – £146,189,000) (note 13). 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.

20. Fair value hierarchy

FRS 29 'Financial Instruments: Disclosures' 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 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at the reporting date as follows:

Notes to the Financial Statements continued

As at 31 December 2013	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,318,859	–	–	1,318,859
Quoted preference shares	a)	5,900	–	–	5,900
Quoted bonds	b)	96,518	–	–	96,518
Total		1,421,277	–	–	1,421,277
Financial liabilities at fair value through profit or loss					
Foreign exchange forward contracts	c)	–	(2,413)	–	(2,413)
Net fair value		1,421,277	(2,413)	–	1,418,864
As at 31 December 2012	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,243,725	–	–	1,243,725
Quoted preference shares	a)	5,585	–	–	5,585
Quoted bonds	b)	78,222	–	–	78,222
Total		1,327,532	–	–	1,327,532
Financial liabilities at fair value through profit or loss					
Foreign exchange forward contracts	c)	–	(8,805)	–	(8,805)
Derivatives	d)	–	(315)	–	(315)
Total		–	(9,120)	–	(9,120)
Net fair value		1,327,532	(9,120)	–	1,318,412

a) Quoted equities and preference shares

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

b) Quoted bonds

The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Bonds included in Fair Value Level 1 include Government Bonds and Corporate Bonds.

c) Foreign exchange forward contracts

The fair value of the Company's investment in foreign exchange forward contracts has been determined in relation to models using observable market inputs and hence are categorised in Fair Value Level 2.

d) Derivatives

The fair value of the Company's investment in derivatives has been determined in relation to models using observable market inputs and hence are categorised in Fair Value Level 2.

21. Capital management policies and procedures

The investment objective of the Company is to achieve a total return greater than its benchmark by investing predominantly in equities worldwide.

The capital of the Company consists of 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.

Information about the Manager

Murray International Trust PLC

Aberdeen Asset Managers Limited

The Company's Manager is Aberdeen Asset Managers Limited, a subsidiary of Aberdeen Asset Management PLC, whose group companies as at 31 December 2013 had approximately £193.6bn of assets under management. It manages assets on behalf of a wide range of clients including 34 investment companies and other closed-ended funds, which had combined total assets of over £10.05bn.

The Manager has its headquarters in Aberdeen and invests globally, operating from over 30 offices in 26 countries. Its investment teams are generally based in the markets or regions in which they invest; in the UK its main investment centres are in London and Edinburgh.

The Senior Investment Manager

Bruce Stout and the Global Equity Team

Bruce Stout and Aberdeen's Global Equity team are responsible for managing Murray International Trust PLC. The investment management team is responsible for the construction of global equity portfolios. Bruce Stout is a senior investment manager on the Global equities team. Bruce joined Aberdeen Asset Managers Limited (or acquired companies) in 1987 and has held a number of roles including investment manager on the emerging markets team.

The Investment Process, Philosophy and Style

Long term investment success demands a clear focus and a sound structure. The Aberdeen Asset Management Group ("AAM") has as its primary objective in managing Murray International Trust PLC the delivery of consistent outperformance against the benchmark based on the concept of seeking growth at a reasonable price.

To achieve this, a disciplined investment process has been developed. However, to meet the different performance objectives mandated for specific funds, there is built in flexibility.

Key decisions are implemented consistently across all funds and portfolio risk limits are set and closely monitored. A continuous watch is kept over critical factors that influence investment decisions, so that when views change, action is taken swiftly and decisively to reposition portfolios.

Asset Allocation

Based on the guidelines set by the AAM Investment Strategy Committee, and after consultation with relevant AAM area specialists, the investment management team at Aberdeen led by Bruce Stout, recommends asset allocation to the Board. There is a "top down" influence to establish the economic overview and to identify potential investment themes. The approach is highly focused and portfolios are tightly constructed to provide the greatest scope for outperformance within the agreed risk parameters.

For Murray International Trust PLC, regional allocation of funds in line with guidelines set by the AAM Investment Strategy Committee is the first stage of the portfolio construction process. At this stage, house views on specific global sectors are also taken into account.

Established themes and trends are considered within the process of country allocation, which is also influenced by analysis of key data covering macroeconomic and monetary factors, value and performance.

Country selection is driven overall by short and medium term estimates of macroeconomics, politics and liquidity, and the market implications of those.

Stock Selection

The investment management team led by Bruce Stout, has responsibility for portfolio construction across all regional segments. Working closely with the relevant underlying desks in each case, portfolio construction is an interactive process. The Manager utilises a "Global Equity Buy List" which is constructed by each of the specialist country desks. This list contains all buy (and hold) recommendations for each desk, which are then used as the investment universe. If a stock no longer meets the criteria to be included on the Buy List, it is sold within 30 days. This process enables the investment manager to better reflect top down themes that emerge from the global equity strategy and investment themes meetings that take place monthly.

Risk Controls

Integral to the investment process is regular provision, by a specialised team, of performance and risk analysis data to ensure that funds are operated within the terms of their mandate.

As well as market price risk inherent in all portfolio investment, Murray International Trust is also exposed to risk

from movements in foreign exchange rates and changes in interest rates. Market price risk is managed by strict adherence to parameters set for portfolio construction. The foreign exchange risk involved may be hedged by the use of forward currency contracts. Interest rate risk lies with the portfolio holdings of fixed income securities and on-call deposits. A detailed risk profile of the Company is given in note 19 to the financial statements

Marketing Strategy

Murray International Trust PLC contributes to the Marketing Programme run by Aberdeen Asset Managers Limited ("AAM"), on behalf of a number of investment trusts under its management. The Company's contribution which is matched by AAM is £553,000 (plus VAT) for the year ended 31 December 2013. The marketing arrangements are reviewed on an annual basis by the Board.

The purpose of the Programme is to communicate effectively with existing shareholders and gain more new shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares. AAM's experience has also shown that well-targeted marketing of the Company's investment merits through packaged products, whether singly, or in conjunction with other trusts run by AAM, can be a cost-effective way of gaining new investors.

The Marketing Programme includes the following:

Investor Relations Programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month, institutional investors and prospects receive a Manager's report on the Company that includes detailed performance analysis.

Direct Response Advertising

The Manager advertises the packaged product availability of the Company in selected national press as well as the specialist financial titles.

Direct Mail

Periodic mail shots of information packs inviting named addressees to respond is a low-cost method of building awareness and investor databases. Target groups include existing holders of other AAM investment trusts as well as known buyers of investment trusts.

Newsletter

The "Bulletin" newsletter, an informed commentary on markets and investment trusts managed by AAM, is distributed free of charge.

Public Relations

The Manager undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately. The Marketing Programme is under the direction of AAM's Group Head of Brand who has extensive experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

Murray International Trust PLC has a dedicated website: www.murray-intl.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

Investors in the Share Plan and ISA can now use AAM's secure system to view their valuations and transact on their Plan accounts.

The Board is committed to a close monitoring of the Marketing Programme. The AAM's Group Head of Brand provides a written summary quarterly to the Board.

If you have any questions about the Company, the Manager or performance, please telephone our Investor Services Department on 0500 00 00 40 (free when dialling from a UK landline). Alternatively, internet users may e-mail us on inv.trusts@aberdeen-asset.com or write to us at 10 Queen's Terrace, Aberdeen AB10 1YG.

How to Invest in Murray International Trust PLC

Direct

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA.

Suitable for Retail

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of global companies by investment in a relatively risk averse investment trust and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that its securities can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will

suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £11,520 can be made in the tax year 2013/2014 and £11,880 in the tax year 2014/2015.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

How to Invest in Murray International Trust PLC continued

Trust Information

If investors would like details of the Company or information on the Children's Plan, Share Plan, ISA or ISA transfers please telephone 0500 00 00 40, e-mail to inv.trusts@aberdeen-asset.com or write to:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB

Terms and Conditions for Aberdeen managed savings products can be found under the Literature section at invtrusts.co.uk.

never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided.

Details are also available on www.invtrusts.co.uk

The above information on pages 66 to 68 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times, and other national newspapers.

For internet users, detailed data on the Company including share price, performance information and a monthly fact sheet is available from the Company's website (www.murray-intl.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively please call 0500 00 00 40 for trust information.

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:

Telephone: 0500 00 40 00
Email: aam@lit-request.com

For information on the Investment Plan for Children, Share Plan, ISA or ISA transfer please contact:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB

Investor Warning

Aberdeen is aware that some investors have received telephone calls from people purporting to work for Aberdeen, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen

Glossary of Terms and Definitions

B Ordinary Shares	B Ordinary shares carry the same rights as the Ordinary shares. The difference is that B Ordinary shareholders receive their dividends by means of a capitalisation issue as opposed to a cash dividend. With effect from the payment of the final dividend in 2007, the capitalisation issue received by B Ordinary shareholders has been made every time a dividend is paid on the Ordinary shares. B Ordinary shareholders also have the right to convert their shares into Ordinary shares once a year. More details regarding this are shown on page 77. There are significantly fewer B Ordinary shares in issue compared to the number of Ordinary shares in issue (lower liquidity). This can result in significantly less trading in the B Ordinary shares on the Stock Exchange resulting in situations where the price of the B Ordinary shares may vary materially from that of the Ordinary shares and therefore the discount or premium can be out of line with that of the Ordinary shares.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Revenue return per share divided by dividends per share expressed as a ratio.
Dividend Entitlements	The Ordinary Shares carry the right to receive the revenue profits (including accumulated revenue reserves) of the Company available for distribution as dividend and determined to be distributed by way of interim and/or final dividend and at such times as the Directors may determine. At the same time as any interim or final dividend is declared on the Ordinary Shares the Directors shall resolve to capitalise an aggregate sum which shall be applied in paying up in full at par unissued B Ordinary Shares in the Company and that such B Ordinary Shares shall be allotted and distributed credited as fully paid up.
Net Asset Value	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing/(Cash)	Net gearing/(cash) is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Prior Charges	The name given to all borrowings including debentures, long term loans and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Total Assets	The total assets less current liabilities as shown on the Balance Sheet with the addition of Prior Charges (as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, eg quarter end, half year or year end date.
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 89 votes for every 25p nominal amount of Ordinary or B Ordinary shares held.
Winding-Up Entitlements	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 and B Ordinary shareholders the amounts paid up on such shares. Any surplus shall be divided among the holders of Ordinary and B Ordinary shares pari passu according to the amount paid up on such shares respectively.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the one hundred and sixth Annual General Meeting of Murray International Trust PLC (registered in Scotland under company number SC006705) will be held at 12.30 pm on 29 April 2014 at the Mermaid Conference Centre, Puddle Dock, Blackfriars, London EC4V 3DB for the following purposes:-

Ordinary Business

As ordinary business to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:-

1. To receive the Directors' Report, the Auditor's Report and audited financial statements for the year ended 31 December 2013.
2. To approve the Directors' Remuneration Report for the year ended 31 December 2013 (other than the Directors' Remuneration Policy).
3. To receive and adopt the Directors' Remuneration Policy.
4. To re-elect Lady Balfour of Burleigh* as a Director of the Company.
5. To re-elect Mr J D Best* as a Director of the Company.
6. To re-elect Mr P W Dunscombe* as a Director of the Company.
7. To re-elect Ms M Campbell* as a Director of the Company.
8. To re-elect Dr K J Carter* as a Director of the Company.
9. To re-appoint Ernst & Young LLP as auditor of the Company.
10. To authorise the Directors to fix the remuneration of the auditor.
11. THAT
 - (i) a final dividend of 14.5p per Ordinary share in respect of the year ended 31 December 2013 be paid on 16 May 2014 to holders of the Ordinary shares in the capital of the Company on the register at close of business on 4 April 2014;
 - (ii) the Directors be authorised, in substitution for the similar authority granted at last year's Annual General Meeting, to exercise all the powers of the Company to allot 8 Ordinary shares of 25p up to an aggregate nominal amount of £100,000 pursuant to Section 551 of the Companies Act 2006 provided that this authority shall expire on 28 April 2019.

Special Business

As special business to consider and, if thought fit, pass the following resolutions in the case of resolution 12 as an Ordinary Resolution and in the case of resolutions 13 and 14 as Special Resolutions.

Authority to Allot

12. THAT the Directors be generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Rights") up to an aggregate nominal amount of £3,154,517 (representing 10% of the total Ordinary and B Ordinary share capital of the Company in issue on 10 March 2014) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2015, whichever is the earlier, but so that this authority, unless previously revoked, varied or renewed, shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares and grant rights in pursuance of such an offer or agreement as if such authority had not expired.

Disapplication of Pre-emption Rights

13. THAT the Directors be and they are hereby empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act by Resolution Number 12 as if Section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:-
 - (i) during the period expiring on the date of the next Annual General Meeting of the Company or on 30 June 2015, whichever is earlier, but so that this power shall, unless previously revoked, varied or renewed, enable the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be

allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

- (ii) up to an aggregate nominal amount of £3,154,517 (representing 10% of the total Ordinary and B Ordinary share capital of the Company in issue on 10 March 2014); and
- (iii) in the circumstances detailed in the section headed "Issue of Shares" on pages 26 and 27 of the Annual Report and at a price not less than 0.5% above the net asset value per share from time to time (as determined by the Directors and excluding treasury shares).

This power applies to a sale of treasury shares which is an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first paragraph of this Resolution the words "pursuant to the authority given in accordance with Section 551 of the Act by Resolution Number 12" were omitted.

Authority to Make Market Purchases of Shares

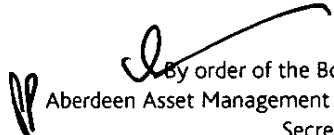
14. THAT the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares and B Ordinary shares of 25p each in the capital of the Company on such terms and in such manner as the Directors from time to time determine,

PROVIDED ALWAYS THAT:

- (i) the maximum number of shares hereby authorised to be purchased shall be an aggregate of 18,772,907 Ordinary shares and 141,578 B Ordinary shares or, if less, the number representing 14.99% of the respective classes of shares in issue (excluding shares already held in treasury) as at the date of the passing of this Resolution;
- (ii) the minimum price which may be paid for a share shall be 25p;
- (iii) the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of (i) an amount equal to 105% of the average of the middle market quotations for a share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out;
- (iv) any purchase of shares will be made in the market for cash at prices below the prevailing net asset value per share (as determined by the Directors);
- (v) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or on 30 June 2015, whichever is earlier, unless such authority is previously revoked, varied or renewed prior to such time; and
- (vi) the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract or contracts notwithstanding such expiry above.

* The biographies of the Directors are detailed on pages 22 and 23 of this Annual Report.

40 Princes Street
Edinburgh
EH2 2BY
21 March 2014


By order of the Board
Aberdeen Asset Management PLC
Secretary

NOTES:

- (i) Only those shareholders registered in the register of members of the Company at 6.00 pm on 25 April 2014 shall be entitled to attend and/or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time ("the specified time"). If the Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and/or vote at the adjourned meeting. If the Meeting is adjourned for a longer period, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and/or vote at the adjourned meeting is 6.00 pm two days (excluding non working days) prior to the time of the adjourned meeting. Changes

Notice of Annual General Meeting continued

to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

- (ii) Holders of Ordinary shares and B Ordinary shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. If you wish to attend, there will be a members' register to sign on arrival.
- (iii) As at 10 March 2014 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consisted of 125,236,207 Ordinary shares and 944,489 B Ordinary shares, carrying 89 votes each on a poll. Therefore, the total voting rights in the Company as at 10 March 2014 are 11,230,081,940.
- (iv) A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that if two or more proxies are appointed, each proxy must be appointed to exercise the rights attaching to different shares. A Form of Proxy is enclosed with this Notice. A proxy need not be a shareholder of the Company. Completion and return of the Form of Proxy will not preclude shareholders from attending or voting at the Annual General Meeting, if they so wish. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the Form of Proxy are set out in the note to the Form of Proxy. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to the proxy. In the event that a Form of Proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes.
- (v) To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power or authority) must be deposited with the Company's Registrar, for this purpose being PXS, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible, but in any event not later than 12.30 pm on 25 April 2014. If you have any queries relating to the completion of the Form of Proxy, please contact Capita Asset Services on 0871 664 0300 (calls cost 10p a minute plus network extras, lines are open 8.30 am to 5.30pm Mon-Fri). Capita Asset Services cannot provide advice on the merits of the business to be considered nor give any financial, legal or tax advice. Alternatively, if the shareholder holds his or her shares in uncertificated form (i.e. in CREST) they may vote using the CREST System (see note (xi) below).
- (vi) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office or the address specified in note (v) above before the commencement of the meeting or adjourned meeting at which the proxy is used.
- (vii) Where there are joint holders of any share, any one of such persons may vote at any meeting, and if more than one of such persons is present at any meeting personally or by proxy, the vote of the senior holder who tenders the vote shall be accepted to the exclusion of the votes of other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company.
- (viii) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the shareholder who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interests in the Company (including any administrative matter). The statement of the rights of shareholders in relation to the appointment of proxies in notes (iv) to (vi) does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.
- (ix) Any corporation which is a shareholder may authorise such person as it thinks fit to act as its representative at this meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual shareholder (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of the same shares, they vote the shares in the same way). To be able to attend and vote at the Annual General Meeting, corporate representatives will be required to produce prior to their entry to the Meeting evidence satisfactory to the Company of their appointment.
- (x) To allow effective constitution of the Annual General Meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a

substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

(xi) Notes on CREST Voting.

CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear UK & Ireland ("Euroclear") website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 12.30 pm on 25 April 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications Host) from which the issuer's agent is able to retrieve the message.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's registrars no later than 12.30 pm on 25 April 2014.

- (xii) The attendance at the Meeting of shareholders and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the Meeting.
- (xiii) Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
- (xv) In accordance with Section 311A of the Companies Act 2006, the contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.murray-intl.co.uk.
- (xvi) Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a shareholder attending the Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered or if to do so would involve the disclosure of confidential information.
- (xvii) Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006, that the shareholders propose to raise at the Meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of

Notice of Annual General Meeting continued

the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on the website.

(xviii) Participants in the Aberdeen Share Plan, ISA and/or PEP are entitled to vote by completing the enclosed Letter of Direction and returning it to the Company's registrars.

(xix) Details of resolutions 2 to 14 are shown in the Annual Report as follows:-

Resolution 2	Pages 36 to 38	Directors' Remuneration Report
Resolution 11	Page 24	Final dividend
Resolutions 4 - 8	Pages 22 and 23	Directors
Resolutions 9 & 10	Pages 25 and 26	Auditor
Resolutions 12 - 14	Pages 26 and 27	Authority to issue and effect buy backs of shares

Corporate Information

Directors

K J Carter (Chairman)
Lady Balfour of Burleigh CBE
J D Best
M Campbell
P W Dunscombe
A C Shedden OBE

Secretaries and Registered Office

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

Registered in Scotland as an investment company
Company Number SC006705

Manager

Aberdeen Asset Managers Limited
Customer Services Department: 0500 00 00 40 (free when
dialling from a UK landline)

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0871 664 0300
(calls cost 10p a minute plus network extras, lines are open
8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)
e-mail shareholderenquiries@capita.co.uk
website www.capitaassetservices.com

Custodian Bankers

JPMorgan Chase Bank

Auditor

Ernst & Young LLP

Trustee of the Debenture Stockholders

Bank of Scotland plc

Broker

Oriel Securities Limited

Website

www.murray-intl.co.uk

Points of Contact

The Chairman and Company Secretary
At the registered office of the Company

Your Company's History

Issued Share Capital at 31 December 2013

125,126,207	Ordinary shares of 25p each
935,653	B Ordinary shares of 25p each

Capital History

16 May 2008	12,264 B Ordinary shares issued by way of capitalisation in lieu of final dividend
14 August 2008	7,696 B Ordinary shares issued by way of capitalisation in lieu of 1 st interim dividend
14 November 2008	7,664 B Ordinary shares issued by way of capitalisation in lieu of 2 nd interim dividend
16 February 2009	8,660 B Ordinary shares issued by way of capitalisation in lieu of 3 rd interim dividend
15 May 2009	16,280 B Ordinary shares issued by way of capitalisation in lieu of final dividend
14 August 2009	11,040 B Ordinary shares issued by way of capitalisation in lieu of 1 st interim dividend
13 November 2009	10,116 B Ordinary shares issued by way of capitalisation in lieu of 2 nd interim dividend
16 February 2010	8,344 B Ordinary shares issued by way of capitalisation in lieu of 3 rd interim dividend
14 May 2010	14,872 B Ordinary shares issued by way of capitalisation in lieu of final dividend
16 August 2010	6,728 B Ordinary shares issued by way of capitalisation in lieu of 1 st interim dividend
15 November 2010	7,308 B Ordinary shares issued by way of capitalisation in lieu of 2 nd interim dividend
17 February 2011	6,672 B Ordinary shares issued by way of capitalisation in lieu of 3 rd interim dividend
16 May 2011	13,156 B Ordinary shares issued by way of capitalisation in lieu of final and special interim
16 August 2011	7,563 B Ordinary shares issued by way of capitalisation in lieu of 1 st interim dividend
15 November 2011	7,381 B Ordinary shares issued by way of capitalisation in lieu of 2 nd interim dividend
17 February 2012	8,608 B Ordinary shares issued by way of capitalisation in lieu of 3 rd interim dividend
16 May 2012	13,256 B Ordinary shares issued by way of capitalisation in lieu of final dividend
16 August 2012	8,513 B Ordinary shares issued by way of capitalisation in lieu of 1 st interim dividend
15 November 2012	8,659 B Ordinary shares issued by way of capitalisation in lieu of 2 nd interim dividend
18 February 2013	8,716 B Ordinary shares issued by way of capitalisation in lieu of 3 rd interim dividend
16 May 2013	12,832 B Ordinary shares issued by way of capitalisation in lieu of Final interim dividend
16 August 2013	8,039 B Ordinary shares issued by way of capitalisation in lieu of 1 st interim dividend
15 November 2013	8,514 B Ordinary shares issued by way of capitalisation in lieu of 2 nd interim dividend
18 February 2014	8,856 B Ordinary shares issued by way of capitalisation in lieu of 3 rd interim dividend

B Ordinary Share Conversions

30 June 2006	27,869 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2007	28,780 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2008	12,770 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2009	70,632 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2010	290,732 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2011	1,997 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2012	5,726 Ordinary shares issued following the conversion of B Ordinary shares
30 June 2013	2,465 Ordinary shares issued following the conversion of B Ordinary shares

Shareholder Information

New Ordinary Share Issuance

Year ended 31 December 2008	3,163,450 Ordinary shares issued for cash
Year ended 31 December 2009	5,037,000 Ordinary shares issued for cash
Year ended 31 December 2010	7,975,500 Ordinary shares issued for cash
Year ended 31 December 2011	7,966,775 Ordinary shares issued for cash
Year ended 31 December 2012	10,145,888 Ordinary Shares issued for cash
Year ended 31 December 2013	3,840,500 Ordinary Shares issued for cash

Stock Exchange Codes

Class of security	SEDOL	ISIN
Ordinary shares of 25p each	0611190	GB0006111909
B Ordinary shares of 25p each	0611208	GB0006112089

Annual General Meeting

The Annual General Meeting will be held on 29 April 2014 at 12.30 p.m. at the Mermaid Conference Centre, Puddle Dock, Blackfriars, Greater London EC4V 3DB.

Market prices of allotted capital at 6 April 1965

41/2% Cumulative Preference shares of £1	62.5p
Ordinary shares of 25p (adjusted for scrip issue)	18.965p
31/4% Debenture stock 1967 or after	£46.50

Market prices of allotted capital at 31 March 1982

41/2% Cumulative Preference shares of £1	32p
Ordinary shares of 25p (adjusted for 1 for 2 scrip issue in April 1983)	54.5p
B Ordinary shares of 25p (adjusted for 1 for 2 scrip issue in April 1983)	53.5p
31/4% Debenture stock 1967 or after	£22.50

Electronic Communications

The Directors are keen to encourage the use of electronic communications. Any shareholders wishing to receive future communications from the Company electronically should contact Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or Tel: 0871 664 0300 (calls cost 10p a minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri).

Annual Conversion Opportunity for B Ordinary Shares

B Ordinary shares may be converted into Ordinary shares of the Company on 30 June in each year, by return of the B Ordinary share certificates, duly completed on the reverse no later than 23 June and no earlier than 26 May in any year, to the Company's registrar, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Uncertificated shareholders will require to give a stock withdrawal instruction, and advise the Company's registrar, Capita Asset Services, of the request to convert, no less than one week and no more than five weeks prior to the relevant conversion date.

Shareholder Information continued

Income and Corporation Taxes Act 1988 Section 251(2)

The share prices for tax purposes to be placed on B Ordinary shares issued in lieu of cash dividends are:

11 April 1980	50.5p	27 May 1997	448.0p	15 May 2009	582.5p	16 August 2013	1265.0p
09 April 1981	77.5p	22 May 1998	502.0p	14 August 2009	617.5p	15 November 2013	1292.5p
16 April 1982	74.5p	26 May 1999	439.9p	13 November 2009	697.5p	18 February 2014	1355.0p
08 April 1983	82.5p	22 May 2000	490.0p	16 February 2010	684.0p		
06 April 1984	85.2p	25 May 2001	469.5p	14 May 2010	742.0p		
26 April 1985	112.5p	24 May 2002	427.5p	16 August 2010	756.0p		
02 May 1986	162.5p	23 May 2003	297.5p	15 November 2010	777.0p		
02 May 1987	182.5p	21 May 2004	340.0p	17 February 2011	850.0p		
03 June 1988	162.5p	20 May 2005	420.0p	16 May 2011	886.0p		
02 June 1989	213.5p	19 May 2006	580.0p	16 August 2011	849.0p		
25 June 1990	235.5p	14 August 2007	644.0p	15 November 2011	884.0p		
31 May 1991	217.5p	15 November 2007	675.5p	17 February 2012	975.0p		
29 May 1992	232.5p	14 February 2008	712.0p	16 May 2012	898.5p		
28 May 1993	282.5p	16 May 2008	730.0p	16 August 2012	1010.5p		
31 May 1994	328.5p	14 August 2008	677.5p	15 November 2012	1025.0p		
31 May 1995	343.5p	14 November 2008	537.5p	18 February 2013	1162.5p		
28 May 1996	415.5p	16 February 2009	555.0p	16 May 2013	1262.5p		

History

Murray International Trust PLC started its life in 1907 as The Scottish Western Investment Company Limited. The Scottish Western of the early days was very highly geared but it was mainly invested in bonds, though the international spread resembled today's, with countries such as Argentina, China, Japan, Canada and many others appearing in the portfolio. Although the range of currencies was much smaller, multi currency or even gold-backed bonds were commonplace, as many of the era's bond certificates show.

The big move into equities came after the 1930s slump, when bond defaults forced the purchase of higher yielding equities to fund the costs of the Company's gearing. The Managers were not slow to spot an opportunity, but it started as Hobson's choice, and was only later hailed as brilliant foresight.

In 1929 just under 20% of the assets were in equities, in 1940 38%, in 1948 51% of the assets, which were still only £2.65 million. After deducting the preference shares (which were repaid in 1999) and debentures, the Company was effectively over 100% geared into equities by the start of the great post war boom.

After a number of amalgamations, the Company emerged as a generalist investment trust. However, there was an excess of trusts with a similar broad remit, so towards the end of the 1970s the Board defined the investment brief more narrowly as the achievement of growth in income and capital through a well diversified portfolio.

Symbolised by the name change from Murray Western to Murray International Trust PLC in 1984, the focus has since been on a relatively high yielding portfolio of equities in a well diversified mix of world markets.

In 2008 the Board circulated to all shareholders a short booklet to commemorate the centenary of the incorporation of the Company on 18 December 1907. Further copies are available on the website or from the Company Secretary.