

Murray International Trust PLC

A globally diversified investment trust, investing for growth and income since 1907

Half Yearly Report
30 June 2017



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The Company

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

Objective

The aim of the Company is to achieve a total return greater than its benchmark (40% of the FTSE World UK and 60% of the FTSE World ex UK Indices) by investing predominantly in equities worldwide. Within this objective, the Manager seeks 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.

Investment Manager

The Company's Alternative Investment Fund Manager is Aberdeen Fund Managers Limited ("AFML") (authorised and regulated by the Financial Conduct Authority) and day to day management of the portfolio is delegated to Aberdeen Asset Managers Limited ("AAM", the "Manager" or the "Investment Manager").

Highlights and Financial Calendar

Financial Highlights

	30 June 2017	31 December 2016	% change
Total assets ^A (£'000)	1,735,372	1,633,029	+6.3
Equity shareholders' funds (£'000)	1,550,517	1,447,879	+7.1
Share price – Ordinary share	1,236.00	1,188.00	+4.0
Net asset value per Ordinary share	1,215.69	1,135.73	+7.0
Premium to net asset value per Ordinary share	1.7%	4.6%	

^A Represents total assets less current liabilities (excluding bank loans).

Performance (total return)

	Six months ended 30 June 2017	Year ended 31 December 2016
Share price ^A	+6.4%	+50.5%
Net asset value per Ordinary share	+9.4%	+40.3%
Benchmark	+5.6%	+25.8%

^A Mid to mid.

Total return represents the capital return plus dividends reinvested.

Source: Aberdeen Asset Management, Morningstar & Lipper

Financial Calendar

16 August 2017	Announcement of half yearly results
17 August 2017	Payment of first interim dividend
17 November 2017	Payment of second interim dividend
19 February 2018	Payment of third interim dividend
March 2018	Announcement of Annual Financial Results for year ending 31 December 2017
26 April 2018	Expected date for Annual General Meeting to be held in London at 12.30 p.m.
18 May 2018	Payment of final dividend

Interim Board Report

Background

Politics and economics continued to exert significant influence over financial markets during the period under review. Heightened anxiety surrounding Presidential change in the United States dissipated as many pre-election promises have failed to materialise, though political turmoil elsewhere continued to fuel uncertainty. Bond markets, equities and currencies endured periods of volatility as asset prices negotiated fractious general elections in Holland, France and the UK. With the political landscape in constant flux, overall economic activity generally disappointed. Subdued consumer confidence constrained personal consumption whilst business investment remained well below expectations. In developed countries, rising inflation from higher food and energy prices further squeezed consumer purchasing power resulting in, for the most part, an uninspiring economic backdrop. The consequential policy inertia was viewed positively by global equity markets with the majority moving higher over the period.

Performance and Dividends

The net asset value ("NAV") total return, with net income reinvested, for the six months to 30 June 2017 increased by 9.4% compared with a total return of 5.6% for the Company's benchmark (40% FTSE World UK and 60% FTSE World ex UK). Over the six month period, the share price total return increased by 6.4% reflecting a slight reduction in the premium to NAV on which the shares traded.

Two interim dividends of 11.0p (2016: 10.5p) have been declared in respect of the period to 30 June 2017. The first interim dividend is payable on 17 August 2017 to shareholders on the register on 7 July 2017 and the second interim dividend will be paid on 17 November 2017 to shareholders on the register on 6 October 2017. As I have stated in previous Statements, the Company's revenue is substantially derived from overseas companies, which pay dividends in local currencies that are then translated into Sterling upon receipt. Therefore the Company's revenue streams are highly susceptible to the strength or weakness of Sterling and the earnings per share figures can demonstrate volatility from year to year. However, the Board intends to maintain a progressive dividend policy given the Company's investment objective. This means that in some years revenue will be added to reserves, while in others revenue may be taken from reserves to supplement earned revenue for that year, to pay the annual dividend. Shareholders should not be surprised or concerned by either outcome as over time the Company will aim to pay out what the underlying portfolio earns.

Following significant capital appreciation throughout the fiscal year 2016, the overall portfolio continued to deliver positive gains over the six month period. By far the largest

contributing factor to absolute overall returns was the Trust's material exposure to Emerging Markets. Latin America proved the standout performer, where, despite mediocre index returns, solid stock selection delivered close to 20% total return in Sterling terms. Large overweight exposures throughout Asia ex Japan also significantly enhanced returns with high-conviction positions in Taiwan Semiconductor, Unilever Indonesia and MTR Corp all delivering strong capital and income growth. Whilst Sterling's marginal strength against most portfolio currencies proved slightly negative for overall capital performance, this was more than offset within the Emerging Market Bond portfolio which continued to record positive gains. A combination of improving fundamentals, continued yield compression and low expectations for this asset class provides a compelling case for maintaining current levels of exposure. On a regional basis, within Developed market equity exposure, contributions were mixed and varied, but essentially cancelled each other out to the point of overall neutrality. Underweight exposures plus strong stock selection in North America and the UK were positive over the period, but underweight exposures and indifferent stock selection in Europe and Japan essentially negated those gains. Overall, diversification proved effective, resilient and ultimately profitable, and this strategy will be maintained going forward.

Management of Premium and Discount

The Board continues to believe that it is appropriate to seek to address temporary imbalances of supply and demand for the Company's shares which might otherwise result in a recurring material discount or premium. Subject to existing shareholder permissions (given at the last AGM) and prevailing market conditions, the Board intends to continue to buy back shares and issue new shares (or sell shares from Treasury) if shares trade at a persistent significant discount to NAV (excluding income) or premium to NAV (including income). The Board believes that this process is in all shareholders' interests as it seeks to reduce volatility in the premium or discount to underlying NAV whilst also making a small positive contribution to the NAV. During the period under review, this has resulted in the sale from Treasury of 57,500 new Ordinary shares at a premium to the prevailing NAV (including income) per Ordinary share. No shares were purchased for Treasury during the period or subsequently. As at the close of business on 15 August 2017, the NAV per share was 1225.98p (exclusive of income) and the share price was 1257.0p equating to a premium of 2.5% per Ordinary share.

Gearing and Proposed Redemption and Cancellation of Debenture Stock

The Company recently agreed a new £60 million loan facility with The Royal Bank of Scotland plc ("RBS") to replace an

expiring facility of the same amount. The new facility was drawn in full on 2 June 2017 and fixed for five years at an all-in rate of 1.714%. At the period end the Company had net gearing of 10.8%.

The Board has resolved to redeem the very small amount of Debenture Stock that now remains outstanding and will shortly be writing to Debenture holders to explain the process and next steps. The Debenture Trust Deeds provide for the Company to redeem the Debenture Stock at any time subject to three months' notice and payment of a premium of 1% above the nominal outstanding and all interest will stop accruing following the redemption date. The costs of the proposed redemption are de minimis and the redemption serves to further simplify the structure of the Company.

Aberdeen

Your Board notes the completion of the merger between Aberdeen and Standard Life. Aberdeen has reiterated to the Board that the existing investment management and client servicing team will remain in place and we shall continue to remain vigilant to ensure that the management team are focussed upon looking after the interests of the Company and its Shareholders during the integration of the two businesses.

Outlook

I have previously observed that the distortions in the global financial landscape stretching out in front of us would prove extremely challenging for savers and investors alike.

Artificially low bond yields and historically extended equity valuations continue to prevail, compounded further by escalating political disquiet. There can be little doubt that the impact of political uncertainty on the future path of interest rates and fragile economic growth will become an increasingly powerful influence on financial markets. Unfortunately its magnitude, geography and consequences are virtually impossible to predict.

Beyond these uncertainties, the reality of investment management must focus on more tangible possibilities. Compelling evidence suggests the developing world still possesses powerful, wealth-creating forces from rising incomes, favourable demographics, improving economic fundamentals and numerous businesses favourably positioned to capitalise on opportunities that arise. Sadly, for the debt-laden developed world the outlook is essentially the exact opposite, but the flexibility of the Company's mandate allows positive practical choices to be made. Portfolio emphasis will continue to focus on capital and income growth at the most attractive valuations possible, utilising the Company's wide geographic remit. This approach is serving shareholders well at present, and will continue to underpin the management of the Company's portfolio.

Kevin Carter
Chairman
16 August 2017

Directors' Disclosures

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 18 to the Annual Report and Financial Statements for the year ended 31 December 2016 ("2016 Annual Report") and the other principal risks are summarised below. These risks represent the principal risks for the remaining six months of the year.

Details of the management of the risks and the Company's internal controls are disclosed on pages 8 and 9 of the 2016 Annual Report. They can be summarised as follows:

- Investment strategy and objectives;
- Investment portfolio, investment management;
- Financial obligations;
- Financial and Regulatory; and
- Operational.

Related Party Transactions

AFML acts as Alternative Investment Fund Manager, AAM acts as Investment Manager and Aberdeen Asset Management PLC acts as Company Secretary to the Company; details of the service and fee arrangements can be found in the 2016 Annual Report, a copy of which is available on the Company's website. Details of the transactions with the Manager including the fees payable to Aberdeen group companies are disclosed in note 11 of this Half Yearly Report.

Going Concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Company's assets consist of a diverse portfolio of listed equities and bonds which in most circumstances are realisable within a very short timescale. 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 Half Yearly Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Directors' Responsibility Statement

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

- the condensed set of Financial Statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);

- the Half-Yearly Board Report includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the Half-Yearly Board Report includes a fair review of the information required by 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half-Yearly Financial Report for the six months ended 30 June 2017 comprises the Half-Yearly Board Report, the Directors' Responsibility Statement and a condensed set of Financial Statements.

For and on behalf of the Board of Murray International Trust PLC

Kevin Carter
Chairman
16 August 2017

Investment Portfolio

As at 30 June 2017

Security	Country	Valuation £'000	Total assets %
Aeroportuario del Sureste ADS	Mexico	89,125	5.1
Taiwan Semiconductor Manufacturing	Taiwan	84,223	4.8
British American Tobacco ^A	UK & Malaysia	74,693	4.3
Philip Morris International	USA	70,533	4.1
Taiwan Mobile	Taiwan	60,586	3.5
Unilever Indonesia	Indonesia	56,378	3.2
Daito Trust Construction	Japan	47,907	2.8
Sociedad Quimica Y Minera De Chile	Chile	44,486	2.6
Singapore Telecommunications	Singapore	41,325	2.4
Telus	Canada	39,809	2.3
Top ten investments		609,065	35.1
Roche Holdings	Switzerland	39,246	2.3
Total	France	38,008	2.2
Verizon Communications	USA	36,315	2.1
Vale do Rio Doce ^B	Brazil & USA	36,068	2.1
CME Group	USA	30,848	1.8
HSBC	UK	29,180	1.7
Royal Dutch Shell	UK	28,050	1.6
Banco Bradesco	Brazil	26,798	1.5
Pepsico	USA	26,675	1.5
Standard Chartered	UK	25,981	1.5
Top twenty investments		926,234	53.4
Public Bank	Malaysia	25,434	1.5
Kimberly Clark de Mexico	Mexico	25,303	1.5
Telefonica Brasil	Brazil	23,557	1.4
Siam Commercial Bank	Thailand	21,144	1.2
Johnson & Johnson	USA	20,372	1.2
Auckland International Airport	New Zealand	20,095	1.2
Atlas Copco	Sweden	19,941	1.1
Swire Pacific 'B'	Hong Kong	19,872	1.1
Fomento Economico Mexicano	Mexico	19,680	1.1
Vodafone Group	UK	19,598	1.1
Top thirty investments		1,141,230	65.8
MTR	Hong Kong	19,482	1.1
Novartis	Switzerland	19,245	1.1
Inmarsat	UK	19,238	1.1
Republic of South Africa 7% 28/02/31	South Africa	19,222	1.1
BHP Billiton	Australia	18,816	1.1
Casino	France	18,211	1.1
Oversea-Chinese Bank	Singapore	18,099	1.0
Japan Tobacco	Japan	17,565	1.0
Bayer	Germany	17,387	1.0
Indocement Tungal Prakarsa	Indonesia	16,983	1.0
Top forty investments		1,325,478	76.4

Investment Portfolio *continued*

As at 30 June 2017

Security	Country	Valuation £'000	Total assets %
Tenaris ADR	Mexico	16,776	0.9
Republic of Indonesia 6.125% 15/05/28	Indonesia	16,089	0.9
United Mexican States 5.75% 05/03/26	Mexico	15,869	0.9
Petroleos Mexicanos 6.75% 21/09/47	Mexico	15,549	0.9
Republic of Turkey 8.0% 12/03/25	Turkey	15,399	0.9
Republic of Turkey 9.0% 24/07/24	Turkey	15,358	0.9
Coca-Cola Amatil	Australia	15,241	0.9
Republic of Indonesia 7.0% 15/05/22	Indonesia	15,214	0.9
Tesco Lotus Retail Growth	Thailand	15,048	0.9
MTN	South Africa	14,736	0.8
Top fifty investments		1,480,757	85.3
Other investments		223,987	12.9
Total investments		1,704,744	98.2
Net current assets excluding bank loans		30,628	1.8
Total assets		1,735,372	100.0

^A Holding comprises equity holdings in both UK and Malaysia, split £56,004,000 and £18,689,000 respectively.

^B Holding comprises equity and fixed income securities, split £17,904,000 and £18,164,000 respectively.

Summary of Investment Changes

	Valuation		Appreciation/ (depreciation)	Transactions	Valuation	
	30 June 2017				31 December 2016	
	£'000	%	£'000	£'000	£'000	%
Equities						
United Kingdom	210,713	12.1	7,354	3,977	199,382	12.2
North America	238,818	13.8	6,250	(16,226)	248,794	15.2
Europe ex UK	166,659	9.6	10,560	(11,830)	167,929	10.3
Japan	65,472	3.8	(570)	–	66,042	4.1
Asia Pacific ex Japan	432,599	24.9	38,244	5,309	389,046	23.8
Latin America	276,525	15.9	36,671	(23,558)	263,412	16.1
Africa	14,735	0.9	(1,687)	–	16,422	1.0
	1,405,521	81.0	96,822	(42,328)	1,351,027	82.7
Fixed income						
United Kingdom	7,881	0.4	690	–	7,191	0.4
Europe ex UK	30,757	1.8	869	29,888	–	–
Asia Pacific ex Japan	84,612	4.9	1,323	3,773	79,516	4.9
Latin America	156,751	9.0	4,500	(9,566)	161,817	9.9
Africa	19,222	1.1	(174)	54	19,342	1.2
	299,223	17.2	7,208	24,149	267,866	16.4
Other net assets	30,628	1.8	16,492	–	14,136	0.9
Total assets^A	1,735,372	100.0	120,522	(18,179)	1,633,029	100.0

^A Figure for 30 June 2017 excludes bank loan of £60,000,000 (31 December 2016 – £60,000,000) which is shown as a current liability in the Condensed Statement of Financial Position.

Summary of Net Assets

	Valuation		Valuation	
	30 June 2017		31 December 2016	
	£'000	%	£'000	%
Equities	1,405,521	90.6	1,351,027	93.3
Fixed income	299,223	19.3	267,866	18.5
Other net assets ^A	30,628	2.0	14,136	1.0
Bank loans and Debentures	(184,855)	(11.9)	(185,150)	(12.8)
	1,550,517	100.0	1,447,879	100.0

^A Excluding short-term bank loans.

Condensed Statement of Comprehensive Income (unaudited)

	Note	Six months ended 30 June 2017			Six months ended 30 June 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments		–	104,018	104,018	–	283,687	283,687
Income	2	42,578	–	42,578	45,056	–	45,056
Investment management fees	11	(1,153)	(2,690)	(3,843)	(1,029)	(2,402)	(3,431)
Other expenses		(1,041)	–	(1,041)	(1,004)	–	(1,004)
Currency losses		–	(320)	(320)	–	(171)	(171)
Net return before finance costs and tax		40,384	101,008	141,392	43,023	281,114	324,137
Finance costs		(642)	(1,498)	(2,140)	(683)	(1,593)	(2,276)
Return on ordinary activities before tax		39,742	99,510	139,252	42,340	279,521	321,861
Tax on ordinary activities	3	(4,327)	789	(3,538)	(3,582)	357	(3,225)
Return attributable to equity shareholders		35,415	100,299	135,714	38,758	279,878	318,636
Return per Ordinary share (pence)	5	27.78	78.66	106.44	30.27	218.60	248.87

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations.

Condensed Statement of Financial Position (unaudited)

	Notes	As at 30 June 2017 £'000	As at 31 December 2016 £'000
Non-current assets			
Investments at fair value through profit or loss		1,704,744	1,618,893
Current assets			
Debtors		16,408	12,842
Cash and short-term deposits		17,680	3,897
		34,088	16,739
Creditors: amounts falling due within one year			
Bank loans		(60,000)	(60,000)
Other creditors		(3,460)	(2,603)
		(63,460)	(62,603)
Net current liabilities		(29,372)	(45,864)
Total assets less current liabilities		1,675,372	1,573,029
Creditors: amounts falling due after more than one year			
Bank loans and debentures		(124,855)	(125,150)
Net assets		1,550,517	1,447,879
Capital and reserves			
Called-up share capital		32,137	32,137
Share premium account		349,763	349,581
Capital redemption reserve		8,230	8,230
Capital reserve	6	1,087,792	986,968
Revenue reserve		72,595	70,963
Equity shareholders' funds		1,550,517	1,447,879
Net asset value per Ordinary share (pence)	7	1,215.69	1,135.73

Condensed Statement of Changes in Equity (unaudited)

Six months ended 30 June 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2016	32,137	349,581	8,230	986,968	70,963	1,447,879
Return on ordinary activities after tax	–	–	–	100,299	35,415	135,714
Dividends paid (see note 4)	–	–	–	–	(33,783)	(33,783)
Issue of shares from Treasury	–	182	–	525	–	707
Balance at 30 June 2017	32,137	349,763	8,230	1,087,792	72,595	1,550,517

Six months ended 30 June 2016

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 December 2015	32,128	349,338	8,230	636,556	64,767	1,091,019
Return on ordinary activities after tax	–	–	–	279,878	38,758	318,636
Dividends paid (see note 4)	–	–	–	–	(32,436)	(32,436)
Buyback of shares for Treasury	–	–	–	(6,224)	–	(6,224)
Issue of shares from Treasury	7	203	–	1,116	–	1,326
Balance at 30 June 2016	32,135	349,541	8,230	911,326	71,089	1,372,321

Condensed Statement of Cash Flows (unaudited)

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000
Net return before finance costs and taxation	141,392	324,137
Increase/(decrease) in accrued expenses	195	(12)
Overseas withholding tax	(3,032)	(3,414)
Interest income	–	(1)
Dividend income	(30,980)	(35,454)
Fixed interest income	(11,598)	(9,601)
Realised losses on foreign exchange transactions	–	1,536
Fixed interest income received	9,754	8,989
Dividends received	29,488	30,291
Interest received	–	1
Interest paid	(2,467)	(2,384)
Gains on investments	(104,018)	(283,687)
Amortisation of fixed income book cost	3,385	(416)
(Increase)/decrease in other debtors	(4)	19
Net cash flow from operating activities	32,115	30,004
Investing activities		
Purchases of investments	(114,348)	(118,437)
Sales of investments	129,092	140,923
Net cash from investing activities	14,744	22,486
Financing activities		
Equity dividends paid	(33,783)	(32,436)
Issue of shares from Treasury	707	1,326
Buyback of Ordinary shares	–	(6,224)
Loan repayment	(60,000)	(10,209)
Loan drawdown	60,000	–
Net cash used in financing activities	(33,076)	(47,543)
Increase in cash	13,783	4,947
Analysis of changes in cash during the period		
Opening balance	3,897	4,648
Increase in cash as above	13,783	4,947
Closing balances	17,680	9,595

Notes to the Financial Statements

1. Accounting policies – Basis of preparation

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

The condensed interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000
2. Income		
Income from investments		
UK dividends	5,716	4,107
Overseas dividends	25,264	31,347
Overseas interest	11,598	9,601
	42,578	45,055
Interest		
Deposit interest	–	1
Total income	42,578	45,056

3. Taxation

The taxation expense reflected in the Condensed Statement of Comprehensive Income is based on the estimated annual tax rate expected for the full financial year. The estimated annual corporation tax rate used for the year to 31 December 2017 is an effective rate of 19.25%. This is above the current corporation tax rate of 19% because prior to 1 April 2017 the prevailing corporation tax rate was 20%.

The tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000
4. Ordinary dividends on equity shares		
Third interim dividend 2016 of 10.50p (2015 – 10.50p)	13,386	13,398
Final dividend 2016 of 16.00p (2015 – 15.00p)	20,397	19,038
	33,783	32,436

A first interim dividend for 2017 of 11.00p (2016 – 10.50p) will be paid on 17 August 2017 to shareholders on the register on 7 July 2017. The ex-dividend date was 6 July 2017.

A second interim dividend for 2017 of 11.00p (2016 – 10.50p) will be paid on 17 November 2017 to shareholders on the register on 6 October 2017. The ex-dividend date is 5 October 2017.

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000
5. Returns per share		
Based on the following figures:		
Revenue return	35,415	38,758
Capital return	100,299	279,878
Total return	135,714	318,636
Weighted average number of Ordinary shares	127,502,083	127,110,700
Weighted average number of B Ordinary shares	–	923,100
Weighted average number of Ordinary shares^A	127,502,083	128,033,800

^A Assumes full conversion of B Ordinary shares to Ordinary shares on a one for one basis.

6. Capital reserves

The capital reserve reflected in the Condensed Statement of Financial Position at 30 June 2017 includes gains of £537,621,000 (31 December 2016 – gains of £486,113,000) which relate to the revaluation of investments held at the reporting date.

7. Net asset value

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

	As at 30 June 2017	As at 31 December 2016
Attributable net assets (£'000)	1,550,517	1,447,879
Number of Ordinary shares in issue	127,541,738	127,484,238
Net asset value per share (pence)	1,215.69	1,135.73

8. Transaction costs

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

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000
Purchases	59	91
Sales	42	112
	101	203

Notes to the Financial Statements *continued*

9. Fair value hierarchy

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

- Level 1: Unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

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

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000	£'000	£'000
As at 30 June 2017					
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,405,521	–	–	1,405,521
Quoted preference shares	b)	–	7,881	–	7,881
Quoted bonds	b)	–	291,342	–	291,342
Total		1,405,521	299,223	–	1,704,744
Net fair value		1,405,521	299,223	–	1,704,744

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000	£'000	£'000
As at 31 December 2016					
Financial assets at fair value through profit or loss					
Quoted equities	a)	1,351,027	–	–	1,351,027
Quoted preference shares	b)	–	7,191	–	7,191
Quoted bonds	b)	–	260,675	–	260,675
Total		1,351,027	267,866	–	1,618,893
Net fair value		1,351,027	267,866	–	1,618,893

a) Quoted equities

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

b) Quoted preference shares and bonds

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

10. Share capital

As at 30 June 2017 there were 127,541,738 (31 December 2016 – 127,484,238) Ordinary shares of 25p each in issue excluding those held in Treasury.

11. Transactions with the Manager

The Company has agreements with Aberdeen Fund Managers Limited ('AFML' or the 'Manager') for the provision of investment management, secretarial, accounting and administration and promotional activity services.

The management fee is charged on net assets (i.e. excluding borrowings for investment purposes) averaged over the six previous quarters ('Net Assets'), on a tiered basis. The annual management fee is charged at 0.575% of Net Assets up to £1,200 million, 0.5% of Net Assets between £1,200 million and £1,400 million, and 0.425% of Net Assets above £1,400 million. A fee of 1.5% per annum remains chargeable on the value of any unlisted investments. The investment management fee is chargeable 30% against revenue and 70% against realised capital reserves. During the period £3,843,000 (30 June 2016 – £3,431,000) of investment management fees was payable to the Manager, with a balance of £1,980,000 (30 June 2016 – £1,696,000) being payable to AFML at the period end.

Included within the management fee arrangements is a secretarial fee of £100,000 per annum which is chargeable 100% to revenue. During the period £50,000 (30 June 2016 – £50,000) of secretarial fees was payable to the Manager, with a balance of £25,000 (30 June 2016 – £25,000) being payable to AFML at the period end.

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

The promotional activities fee is based on a current annual amount of £425,000 (30 June 2016 – £425,000), payable quarterly in arrears. During the period £214,000 (30 June 2016 – £214,000) of fees was payable, with a balance of £105,000 (30 June 2016 – £105,000) being payable to AFML at the period end.

12. Segmental information

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

13. The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 31 December 2016 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the Company's auditor was unqualified and contained no statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The condensed interim financial statements have been prepared using the same accounting policies as contained within the preceding annual financial statements.

The financial information for the six months ended 30 June 2017 and 30 June 2016 has not been audited or reviewed by the Company's auditor.

14. This Half-Yearly Financial Report was approved by the Board on 16 August 2017.

How to Invest in Murray International Trust PLC

Direct

Investors can buy and sell shares in Murray International Trust PLC 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, Aberdeen's Investment Trust Share Plan and Investment Trust ISA.

Suitable for Retail/NMPI Status

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 an investment trust company 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 shares can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the Financial Conduct Authority'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 Limited (AAM) runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Murray International Trust PLC. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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 where applicable. 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's Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Murray International Trust PLC 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, where applicable. 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 £20,000 can be made in the tax year 2017/2018.

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 in Murray International Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per 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.

Keeping You Informed

For internet users, detailed data on Murray International Trust PLC, including price, performance information and a monthly fact sheet is available from the Trust's website (murray-intl.co.uk) and the TrustNet website (trustnet.co.uk). Alternatively you can call 0808 500 0040 for trust information.

Literature Request Service

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

Telephone: 0808 500 4000

Email: aam@lit-request.com

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

Aberdeen Investment Trusts

PO Box 11020

Chelmsford

Essex, CM99 2DB

Telephone: 0808 500 0040

Terms and conditions for the AAM managed savings products can be found under the literature section of invtrusts.co.uk.

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, London EC4M 9HH which is authorised and regulated by the Financial Conduct Authority.

Corporate Information

Directors

K J Carter (Chairman)
J D Best (Senior Independent Director)
M Campbell
P W Dunscombe
D Hardie
A J Mackesy

Secretaries and Registered Office

Aberdeen Asset Management PLC
40 Princes Street
Edinburgh EH2 2BY

Registered in Scotland as an investment company
Company Number SC006705

Website

murray-intl.co.uk

Points of Contact

The Chairman, the Senior Independent Director and the Company Secretary at the registered office of the Company

Manager

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

AIFM

Aberdeen Fund Managers Limited

Broker

Stifel Nicolaus Europe Limited

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
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Kent BR3 4TU

Tel: 0371 664 0300
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(lines are open 9.00am - 5.00pm Mon – Fri)
e-mail: shareholderenquiries@capita.co.uk
website: capitaassetservices.com
share portal: signalshares.com

Depositary

BNY Mellon Trust & Depositary (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Auditor

Ernst & Young LLP or EY
Ten George Street
Edinburgh EH2 2DZ

Trustee of the Debenture Stockholders

Bank of Scotland plc

United States Internal Revenue Service FATCA Registration Number (GIIN)

8Y8Z2N.99999.SL.826

Legal Entity Identifier (LEI)

549300BP77JO5Y8LM5



