

# Perpetual Income and Growth Investment Trust plc

## Results of Manager Search

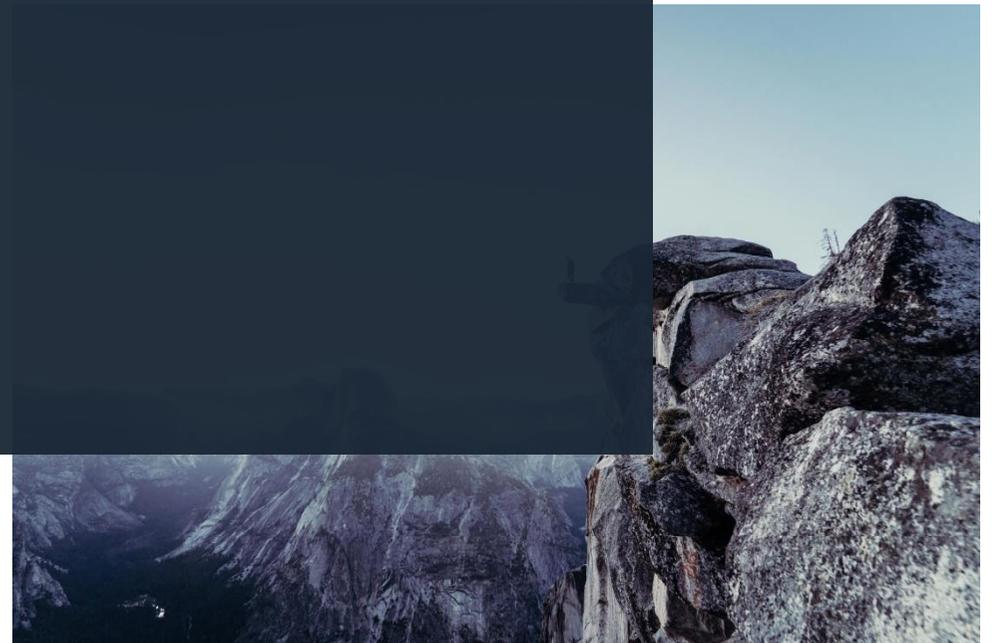
Richard Laing – Chairman, Perpetual Income And Growth  
Investment Trust plc

Neil Rogan – Chairman, Murray Income Trust PLC

Charles Luke – Manager, Murray Income Trust PLC

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29 July 2020



## Introduction

# Manager Search Process and Results

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- The Board of Perpetual Income and Growth Investment Trust plc ('PLI') has concluded a comprehensive search for a new manager with the credentials and capacity to deliver capital growth and real growth in dividends over the medium to longer term, mainly from UK equities. It was a thorough search process assisted by Mercer alongside Winterflood Securities, PLI's broker and financial adviser
- The PLI Board has agreed Heads of terms with the Board of Murray Income Trust PLC ('MUT') to combine the assets of the Company with MUT. MUT is managed by the UK Equities team at Aberdeen Standard Investments ("ASI"). The Board, which had been focused on finding the best manager for the Company, was very impressed by the investment strategy and approach put forward by ASI, as well as the strength of the team and its top quartile performance over the last 1, 3 and 5 years
- Charles Luke at ASI will remain the lead manager of MUT, which when combined with PLI will manage assets of over £1 billion with a continued focus on UK Equities
- MUT is an AIC Dividend Hero trust with a dividend record of over 46-years, with a yield currently of 4.5%, and has traded on a sustained narrower discount in comparison to PLI (4.5% 12-month average discount for MUT, compared with 13.1% discount for PLI)
- PLI shareholders will benefit from the excellent track record of MUT's manager and in recent years a better share price (4.5% 12-month average discount for MUT, compared with 13.1% discount for PLI) and will continue to be invested in an AIC Dividend Hero trust with a dividend record of over 46-years, with a yield currently of 4.5%
- PLI shareholders will benefit from significantly lower annual management costs (one of the lowest in the sector at 0.50% versus the current 0.73% on PLI), increased liquidity and being part of one of the largest investment trusts in the UK Equity Income sector
- Three directors of PLI will transition to the board of MUT to ensure continuity of oversight for PLI shareholders. The MUT board will reduce back to six on or before the 2021 AGM
- The Board has consulted with major shareholders who have indicated they would be supportive of the transaction

Past performance is not a guide to future results

# Transaction Details

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- Heads of terms agreed, in principle, for a combination of the assets of PLI with MUT, by means of a section 110 scheme of reconstruction of the Insolvency Act 1986. PLI will be put into liquidation and PLI shareholders receive new shares to be issued by MUT on a formula asset value\* (“FAV”)-to-FAV basis. PLI senior notes are expected to be transferred to MUT as part of the transaction and constructive discussions have been held with noteholders to approve the novation of the Notes
- The intention is to appoint Aberdeen Standard Fund Managers Limited (“ASFML”) as AIFM to PLI as soon as possible, subject to the necessary AIFM Directive notifications and approvals. ASFML will manage PLI’s portfolio free of charge under the existing investment policy on a transitional basis (ASFML has recent experience transitioning portfolios of this type)
- ASFML has agreed to contribute to the transaction costs through a reduction in the management fee payable by MUT to ASFML for the first six months following completion. This will be based on the value of the assets transferred by PLI to MUT and the reduction will be for the benefit of the shareholders of the enlarged MUT
- The Board of PLI intends to pay a pre-liquidation interim dividend to its shareholders to reflect a distribution of its revenue reserve in full. PLI shareholders receiving MUT shares will rank fully for all dividends declared by MUT on or after the date of the issue of MUT shares to them
- As part of the Transaction PLI expects to offer its shareholders the ability to elect to receive cash in respect of some or all of their holdings at a price equal to 98% of FAV. Up to 20% will be available, with scaling back if necessary
- A circular convening a general meeting to approve the Transaction will be sent to PLI’s shareholders in due course, together with a prospectus published by MUT containing details of the MUT shares to be issued
- The Boards of both PLI and MUT will be giving a unanimous recommendation to vote in favour of the proposals. The transaction is expected to complete early Q4 20

\*FAV calculated using the NAV of each company, adjusted for the costs of the Transaction, any dividends and distributions, an allowance for the costs of liquidation (for PLI) and the cash exit option (for PLI)

# Murray Income – An enhanced proposition

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- The trusts' objectives are very similar, underpinning the rationale of the combination and the transition
- MUT has produced a 46-year performance track record of having increased its dividend and intends to maintain this record, notwithstanding the environment
- MUT will be the third largest UK Equity Income investment trust\*, enabling greater ownership from investors that may be constrained by holding limits and with a greater retail presence
- The increased scale will create immediate cost savings for MUT by virtue of the low marginal fee rate (25bps on net assets over £450m) and an enlarged capital base to spread fixed costs. The Company will have one of the lowest management fees (38bps\*) and lowest OCRs (50bps\*\*)
- Strong performance, robust dividend, diligent use of leverage and scale/liquidity makes an enlarged MUT a premier choice for UK equity income investors

## Past performance is not a guide to future results

\*Source: AIC website <https://www.theaic.co.uk/aic/find-compare-investment-companies>. 28 July 2020

\*\* ASI is paid a variable management fee by MUT of 0.55% p.a. of the first £350m of net assets, 0.45% p.a. on the assets between £350 – 450m, and 0.25% p.a. on assets in excess of £450m. The weighted average annual management fee would be 0.38% p.a. and the estimated pro forma ongoing charges ratio would be 0.50% p.a., based on the net assets of MUT and PLI, assuming the cash option is fully taken-up, as at 24 July 2020. Source: ASI.



# Murray Income – Objective and key facts

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

## Key facts

- Experienced, independent Board of Directors
- AIC Dividend Hero, 5 Star Morningstar Rating
- Gross assets £580.9m
- Dividend yield 4.5%, discount of 4.9%
- Gearing 5.3%, active share 65.5%
- Modest option writing for enhanced income and diversification
- Capital and income exposure limited to c5% per holding
- Consistent performance track record

## Cumulative performance (%)

Total Returns to 30 June 2020	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs
Share price	1.6	10.3	-12.6	-5.8	10.1	36.1
NAV	1.6	12.3	-13.2	-5.3	6.1	31.2
FTSE All Share Index	1.5	10.2	-17.5	-13.0	-4.6	15.2

**The income defender:** Proven to enable risk-averse income seekers to tap into the income growth potential of equities with a **46-year track record** of raising dividends.

**The active diversifier:** Manages equity risk through careful stock and sector diversification, with up to 20% of the portfolio invested overseas – and no more than 5% in any one stock.

**Past performance is not a guide to future results. The value of investments and the income from them can fall and investors may get back less than the amount invested.**

Source: Aberdeen Standard Investments, 30 June 2020

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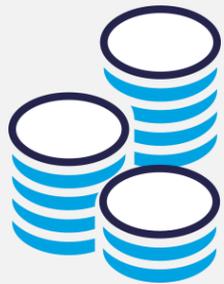
# Q&A Session

# Murray Income Trust

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## Murray Income Trust

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### Dependable

- Portfolio of high quality companies with resilient income and strong capital growth prospects
- Leverages the 16-strong UK equity team's full market coverage and idea generation
- Patient buy and hold approach allows the fundamentals to prove themselves over time



### Diversified

- Thoughtful diversification by sector, and income and capital per holding
- Ability to invest up to 20% of assets in the best overseas companies
- Healthy exposure to exciting mid cap companies



### Differentiated

- Attractive yield and above average dividend growth augmented by modest option writing
- Balances capital resilience in challenging markets with the ability to capture structural growth
- Appealing risk adjusted returns with low volatility

# Equity research underpins our strategy



## Broad universe and proactive engagement

- Proprietary research platform providing deep company level insights
- Broad and dynamic opportunity set; quant tools support and refine coverage
- Outstanding corporate access and engagement



## Deep company level analysis delivers investment insights

- Globally consistent approach and common language delivers actionable insights
- ESG analysis fully embedded in all our company assessments
- Sector analysis provides deeper understanding of companies



## Conviction developed through rigorous team debate

- Informed peer review of research builds conviction
- Broad team company knowledge strengthened through effective team discussion
- Clear team and individual responsibilities ensure collaboration and accountability

## Stock Research Note

### Foundations

- Business fundamentals
- Evaluation of ESG risks and opportunities

### Dynamics

- Key drivers of business change that influence corporate value

### Financials and valuation

- Financial analysis and assessment of market expectations

### Investment Insight

- Investment thesis and non-consensus insight; risk factors & downside scenarios

Source: Aberdeen Standard Investments, May 2020

# ESG investment purpose and philosophy



ESG factors are *financially material*, and impact corporate performance



Understanding ESG risks and opportunities alongside other financial metrics allows us to make *better investment decisions*



Informed and constructive engagement helps foster better companies, aiming to *enhance the value* of our clients' investment

### Investment Managers

- ESG assessment of companies, analysing ESG risk and opportunities within every company stock note

### On-desk ESG Specialists

- On-desk pre-investment due diligence and focused ESG company analysis
- Ongoing engagement with portfolio companies



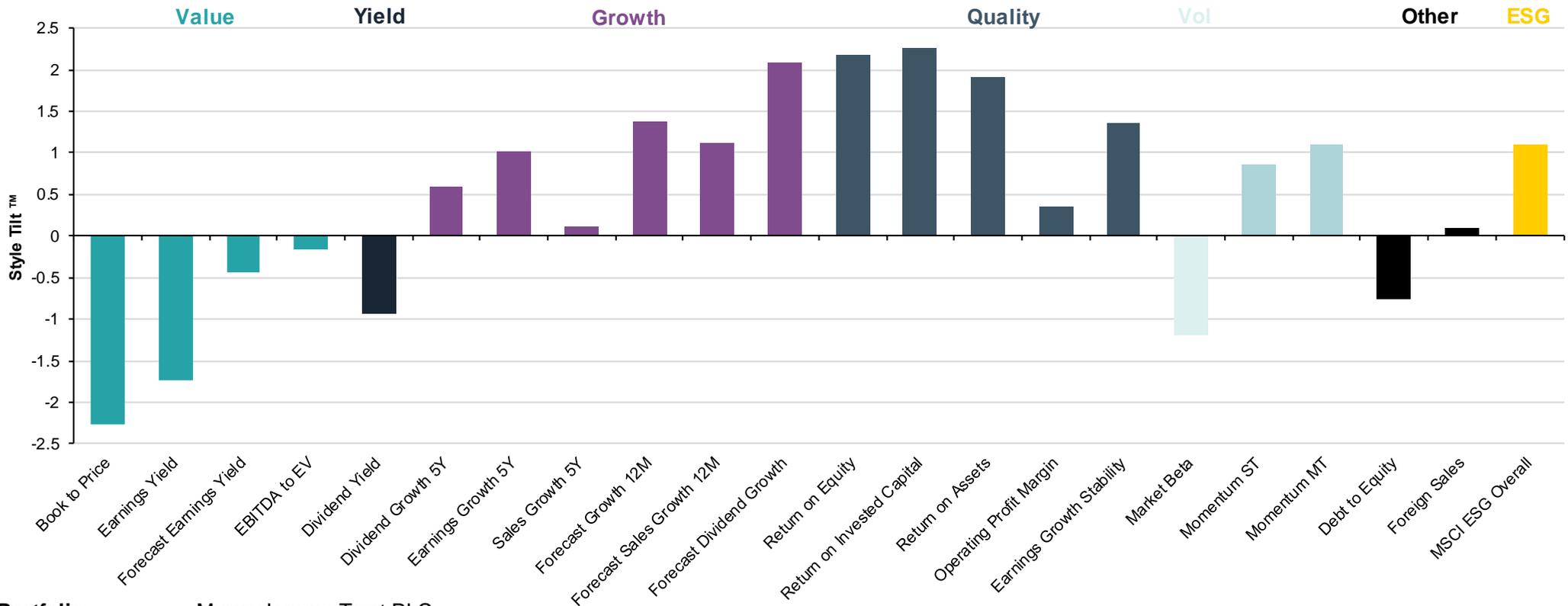
### Central ESG

- 20 experienced ESG specialists
- Research on global ESG topics and impact on investments
- Conducting active stewardship through voting and engaging to influence change on behalf of shareholders

**Our primary goal is to generate the best long-term outcomes for our clients**

Source: Aberdeen Standard Investments, May 2020

# Portfolio characteristics



**Portfolio** Murray Income Trust PLC  
**Benchmark** FTSE All-Share Index  
**Snapshot Date** 31 May 2020  
**Currency** GBP

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Balances capital resilience with the ability to capture structural growth



## A differentiated proposition

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Large and Mid Cap exposures

Income augmented by modest, low risk option writing

Overseas holdings

ESG focus

Quality companies

Diversified by income, capital and sector

Long term patient buy and hold approach

Strong performance track record

Resilience in market drawdowns

Source: Aberdeen Standard Investments, May 2020

# Murray Income Trust PLC

## Discrete performance

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### Discrete performance (%)

Year ending	30/06/20	30/06/19	30/06/18	30/06/17	30/06/16
Share Price	(5.8)	13.2	3.3	23.5	0.1
NAV <sup>A</sup>	(5.3)	7.9	3.9	16.7	5.9
FTSE All-Share	(13.0)	0.6	9.0	18.1	2.2

#### Past performance is not a guide to future results

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

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis.

Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value.

Source: Aberdeen Asset Managers Limited, Lipper and Morningstar.

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- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
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- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
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