



Murray Income Trust PLC

Alternative Investment Fund Managers Directive
Pre-investment Disclosure Document
Article 23 AIFMD/Rule 3.2 FCA FUND Sourcebook

11 December 2018

Murray Income Trust PLC

This document is issued by Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager ("AIFM" or the "Manager") of Murray Income Trust PLC (the "Company"), in order to make certain information available to prospective investors in the Company prior to their investment, in accordance with the requirements of the FCA Handbook implementing the EU Alternative Fund Managers Directive (Directive 2011/61/EU) ("AIFMD") in the United Kingdom. This document is being made available to investors on the Company's website: <http://www.murray-income.co.uk>.

Defined terms used in this pre-investment disclosure document can be found in section 20 below.

1. A description of the Investment Strategy, Policy and Objective of the Company, Types of Assets the Company may invest in, Investment Techniques, Principal Risks and Investment Restrictions

Information about the Company's investment strategy, policy and objective, the types of assets in which the Company may invest, the investment techniques and any investment restrictions is contained in the Annual Report, which is available on its website at <http://www.murray-income.co.uk>.

The Company is not a fund of funds.

Stocklending

- 1.1 The Company may from time to time employ investment techniques for the purposes of efficient portfolio management. In particular, the Company, or the Depositary acting in accordance with the instructions of the Manager, may enter into certain stocklending arrangements.
- 1.2 Any stocklending arrangements may only be entered into if:
 - (A) all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;
 - (B) the counterparty is on the Manager's list of approved counterparties. The Manager and the Depositary have agreed minimum requirements for a counterparty to be approved by agreeing a list of eligible counterparties and requiring that the counterparty have a minimum credit rating of BBB+ awarded by two of the three following ratings agencies: Standard and Poor, Fitch and/or Moody's;
 - (C) high quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms referred to in 1.2 (A) and the collateral is: acceptable; adequate; and sufficiently immediate.
- 1.3 The stocklending agent is entitled to receive a fee from the Company (plus VAT thereon) for its services in relation to stocklending. The fee is calculated as a percentage of the gross income from stocklending. The current fee is 20% of the gross income generated by the stocklending activity. The remaining 80% of gross income generated is returned to the Company.
- 1.4 The maximum percentage of the Company's securities which will be used for stocklending purposes is 50% of the Company's net asset value. The expected percentage which will be used for stocklending purposes is less than 10% of the Company's net asset value. The maximum percentage of any individual stock which may be on loan at any time is 95% of that individual security held by the Company.
- 1.5 Collateral is acceptable if it has been determined by the Manager to be high quality and liquid and is of a kind set out under the terms of the securities lending authority agreement with the Depositary: including government debt of certain specified countries provided they have a minimum issuer rating of AA-, equity securities listed on specified indices and cash (US dollar or euros). The Manager does not consider maturity of collateral as a factor in assessing whether collateral is acceptable or not. Acceptable collateral is kept under review by the Manager and the Depositary to assess for risks such as liquidity and credit risks.
- 1.6 Collateral is adequate only if it is:
 - (A) transferred to the stocklending agent or its agent;

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- (B) received under a title transfer arrangement; and
- (C) at all times equal in value to the market value of the securities transferred by the Depositary plus a premium.
- 1.7 The Depositary must ensure that the value of the collateral at all times meet the requirements of paragraph (C) above. This duty may be regarded as satisfied in respect of collateral, the validity of which is about to expire or has expired, where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 1.8 Collateral is sufficiently immediate if:
- (A) it is transferred before or at the time of the transfer of the securities by the Depositary; or
- (B) the Depositary takes reasonable care to determine at the time referred to in paragraph 1.8 (A) that it will be transferred at the latest by the close of business on the day of the transfer.
- 1.9 Collateral is valued and monitored on a daily basis to ensure compliance with the Manager's collateral requirements. The collateral received must be issued by an entity that is independent from the stocklending counterparty and is expected not to display a high correlation with the performance of that counterparty.
- 1.10 There is no re-use of collateral received in relation to the Company's stocklending activities.

2. Key risks

The Board regularly reviews the principal risks and uncertainties which it has identified together with the delegated controls it has established to manage the risks and address the uncertainties.

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial position, performance and prospects. The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance and solvency and identified the delegated controls it has established to manage the risks and address the uncertainties:

Description	Mitigating Action
<p>Investment strategy risk</p> <p>The Company's investment strategy requires investment in equity stock markets, which may lead to loss of capital. Separately, the choice of stock selection, asset allocation or level of gearing, as part of the investment strategy adopted by the Company, may result in underperformance against the Company's benchmark index and/or its peer group.</p>	<p>The Board seeks to manage this risk by diversifying its investments, as set out in the investment restrictions and guidelines agreed with the Manager, and on which the Company receives regular monitoring reports from the Manager. At each Board meeting, the Directors review the investment performance with the Manager by assessing relevant management information including revenue forecasts, absolute/relative performance data, attribution analysis and liquidity/risk reports. The Board holds a separate, annual meeting devoted to investment strategy, the most recent in respect of the year under review being held in February 2018.</p>
<p>Income and dividend risk</p> <p>There is a risk that the Company fails to generate sufficient income from its investment portfolio to meet its operational expenses which results in it drawing upon, rather than replenishing, its revenue reserves. This might hamper the Board's capacity to maintain or increase dividends to shareholders.</p>	<p>The Board monitors this risk through the review of income forecasts, provided by the Manager, at each Board meeting.</p>
<p>Discount risk</p> <p>Investment trust shares tend to trade at discounts to their underlying NAVs, although they can also trade at premia.</p>	<p>The Board monitors the discount at which the Company's shares trade.</p>

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<p>Discounts and premia can fluctuate considerably leading to more volatile returns for shareholders.</p>	<p>In order to seek to manage the impact of such discount fluctuations, where the shares are trading at a significant discount, the Company operates a programme of buying back shares into treasury. If the shares trade at a premium, the Company has the authority to issue new shares or sell shares from treasury. Whilst these measures seek to reduce volatility, it cannot be guaranteed that they will do so.</p>
<p>Foreign currency risk A proportion of the Company's investment portfolio is invested in overseas securities and the value of the Company's investments and the income derived from them can, therefore, be affected by movements in foreign exchange rates. In addition, the earnings of the Company's other investments may also be affected by currency movements which, indirectly, could have an impact on the Company's performance.</p>	<p>The Company hedges its foreign currency exposure only to the extent that the bank loan is drawn down in foreign currencies. Foreign currency drawings are commensurate with assets held in foreign currencies.</p>
<p>Operational risk In common with most other investment trusts, the Company has no employees. The Company therefore relies on services provided by third parties, including the Manager in particular, to whom responsibility for the management of the Company has been delegated under a management agreement.</p>	<p>The terms of the Agreement cover the necessary duties and responsibilities expected of the Manager. Via the Management Engagement Committee, the Board reviews the overall performance of the Manager on a regular basis and their compliance with the Agreement formally on an annual basis.</p> <p>Contracts with other third party providers, including share registrar and depositary services, are entered into after appropriate due diligence. Thereafter, each contract, and the performance of the provider, is subject to formal annual review by the Audit Committee. The security and custody of the Company's assets is the responsibility of BNP Paribas Securities Services, London Branch as Depositary. The effectiveness of the internal controls at the Depositary, incorporating its custodian obligations, is subject to regular reporting to the Audit Committee and the Depositary presents at least annually on the Company's compliance with AIFMD. The Manager also separately monitors the Depositary and provides reports to the Audit Committee.</p> <p>Global assurance reports are obtained from certain third parties, including from the registrar, which are reviewed by the Audit Committee. These reports include an independent assessment of the effectiveness of risks and internal controls at the service provider including their planning for business continuity and disaster recovery scenarios, together with their policies and procedures designed to address the risks posed to the Company's operations by cyber-crime. Further details of the internal controls which are in place are set out in the Audit Committee's Report in the Annual Report.</p>
<p>Regulatory risk The Company operates in a complex regulatory environment and faces a number of related risks, for example, a breach of Section 1158 of the Corporation Tax Act 2010 could result in the Company being subject to capital gains tax on the sale of</p>	<p>The Board receives compliance reports from the Manager to monitor compliance with regulations.</p>

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its investments. Serious breach of other regulations, such as the UKLA Listing Rules, the Companies Act, Accounting Standards or the EU Alternative Investment Fund Managers Directive, could lead to suspension from the London Stock Exchange and reputational damage.	
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Stocklending and Collateral Risks

When the Company engages in stocklending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent, or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the Company could experience delays in recovering the loaned securities, may not be able to recover the loaned securities, and/or may incur a capital loss which might result in a reduction in the net asset value of the Company. A company's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form acceptable to the Depositary, as set out above, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Company may suffer a loss equal to the shortfall between the value of the realised collateral and the market value of the replacement securities.

Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Company's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. Subject to certain conditions and the terms of the stocklending agreement, the stocklending agent has indemnified the Company from and against loss arising from the non-return of securities which have been loaned to a borrower.

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Cash or other assets may be passed to counterparties as margin or collateral. Subject to applicable regulations, at any one time, the Company may be exposed to the creditworthiness of its counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of a counterparty, the Company may not be able to recover cash or assets of equivalent value in full. In particular, stocklending transactions may, in the event of a default by a counterparty, result in the securities lent being recovered late or only in part. This may result in losses for shareholders.

Other risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated in accordance with the Manager's risk management policy. Operational risk around collateral management for stocklending is greatly reduced since it is managed by the Depositary, a market leading custodian which has tried and tested processes in place.

The Manager reduces custody risk by establishing a process whereby securities are taken as collateral and cash is only accepted where it is held for the benefit of the Company by a tri-party collateral agent. Generally, the Manager will not accept cash as collateral. Securities are held in ring-fenced accounts of a collateral custodian, so the Company is not exposed to custodian risk.

The legal risks are reduced by the Manager by having in place separate contractual arrangements with the Depositary governing the separate appointments of stocklending agent and depositary.

An explanation of other risks relating to the Company's investment activities, specifically market price, interest rate, liquidity and credit risk, and a note of how these risks are managed, is contained in note 16 to the financial statements in the latest Annual Report.

3. Risk management systems

The directors of Aberdeen Standard Fund Managers Limited collectively assume responsibility for AFML's obligations under the AIFMD including monitoring the Company's risk profile during the year.

AFML, as a fully integrated member of the Standard Life Aberdeen plc group of companies (the "Group"), receives a variety of services and support in the conduct of its business activities from the resources of the Group. AFML conducts its risk oversight, including the conduct of its risk oversight function, through the operation of the Group's risk management processes and systems. Further details of the Group's risk management programme and systems are set out in the Appendix to this document.

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4. Leverage

Leverage limits

The maximum leverage level which the Manager is entitled to employ on behalf of the Company (expressed as a ratio to total assets) is:

Commitment Method	2.0x
Gross Method	2.5x

Types of leverage

Although leverage is often used as another term for gearing, under the AIFMD regulations leverage is expressed as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. It defines two types of leverage, the gross method and the commitment method. These are essentially the same other than the commitment method allows derivative instruments to be netted off to reflect 'netting' or 'hedging arrangements'. Non-sterling cash is deemed to carry a currency exposure so is considered to be leverage. In accordance with the AIFMD the Company is obliged to disclose the maximum expected leverage levels under both methods and this is disclosed above. In order to comply with the AIFMD the maximum leverage levels have been set in accordance with the maximum gearing allowable by the Company's Articles of Association. However, the day-to-day management of gearing and leverage levels will be conducted within the tighter limits set by the Company's investment policy.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the Company through non-fully funded exposure to underlying markets or securities. Leverage is considered in terms of the Company's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the Company is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. AFML is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the Company, expressed as the ratio between the total exposure of the Company and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method basis are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the Company requires the calculation to:

- Include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities
- Exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond
- Include derivative instruments which are converted into the equivalent position in their underlying assets
- Exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known
- Include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed
- Include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable

Exposure values under the commitment method basis are calculated on a similar basis but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

The calculation of leverage assumes that a leverage ratio of 1.00:1 equates to zero leverage. A ratio of less than 1.00:1 would mean that the portfolio included uninvested cash whilst a ratio above 1.00:1 would mean that the portfolio had leverage to the ratio amount above 1.00:1.

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Where the Company invests in derivatives, it may be required to post assets as collateral. To the extent that the Company posts collateral to its counterparties, the counterparties have a security interest in the collateral and may, in certain circumstances, have the right to re-use that collateral.

5. Modification of Investment policy

In accordance with the FCA listing rules, any material change to the Company's investment policy will require the FCA's prior approval as well as the approval of Shareholders. In considering what is a material change the Company must have regard to the cumulative effect of any changes since Shareholders last had the opportunity to vote.

6. Contractual relationship between the Company and Investors, applicable law and the enforcement of judgements

The Company is incorporated as a public limited company under the laws of Scotland. Investors who acquire shares in the Company will do so subject to the Articles. The Articles are one of the Company's constitutional documents and contain the rights and restrictions attaching to the Company's shares. The Articles may only be amended by way of a special resolution. A Shareholder's liability to the Company will be limited to the value of the shares held by such Shareholder.

As the Company is incorporated in Scotland, it may not be possible for an investor located outside that jurisdiction to effect service of process upon the Company within the local jurisdiction in which that investor resides. All or a substantial portion of the assets of the Company may be located outside of the local jurisdiction in which an investor resides and, as a result, it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

A number of legal instruments provide for the recognition and enforcement in Scotland of judgments given in other states. These include the Brussels Regulation, in relation to judgments made in most EU member states, and domestic legislation implementing the terms of international conventions. Where no particular legal instrument applies, a judgment creditor may nevertheless have rights to seek to enforce a judgement under the common law.

Details on how to invest in Murray Income Trust PLC are set out in the Annual Report, which is available on its website at <http://www.murray-income.co.uk>.

7. Information on the AIFM, Depositary and Service providers

AIFM/Manager

The Company has appointed Aberdeen Standard Fund Managers Limited, which is a company limited by shares and incorporated in England and Wales, as its alternative investment fund manager ("AIFM" or the "Manager"). The Manager is a subsidiary of Aberdeen Asset Management PLC, a company incorporated in Scotland, which is itself a subsidiary of Standard Life Aberdeen plc, a company incorporated in Scotland.

The Manager is authorised and regulated by the FCA as an alternative investment fund manager. Pursuant to the Management Agreement, the Manager provides investment management services (including portfolio management), risk management services and general administrative services to the Company.

The duties of the Manager also include (but are not limited to) the following:

- The proper valuation of the Company's assets and the calculation and publication of the Net Asset Value of the Company
- To review its delegation of the portfolio management function to the Investment Manager on an ongoing basis
- To ensure that appropriate and consistent procedures are established so that a proper and independent valuation of the assets of the Company can be performed
- To implement a risk management system to identify, measure and manage appropriately all risks relevant to the Company's investment strategies and to review this system on an annual basis
- To ensure that a single depositary is appointed to ensure, among other things, the proper monitoring of the Company's cash flows and the safe-keeping of the Company's assets that can be held in custody
- To employ an appropriate liquidity management system
- To adopt procedures enabling it to monitor the liquidity risk of the Company and ensure that the liquidity profile of the Company's investments complies with its underlying obligations

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- To use adequate and appropriate human and technical resources necessary for the proper management of the Company
- To make available an annual report for the Company no later than six months following the end of its annual accounting period

The Management Agreement contains customary termination provisions and may, in normal circumstances, be terminated on three months' written notice by either the Company or the Manager, or immediately by either party by notice upon the insolvency or winding up of the other party or upon a material breach of contract. The Company may terminate the agreement immediately, inter alia, if the Manager ceases to maintain its regulatory permissions to act as AIFM. The Company is also entitled to terminate the Manager's appointment on 30 days' notice following, or upon, a change of control of the Manager or if the Company ceases to satisfy the requirements for approval as an investment trust for UK tax purposes as a result of the negligence or wilful default of the Manager.

The Manager has delegated the portfolio management of the Company to Aberdeen Asset Managers Limited. Further details of the delegation arrangements are set out in paragraph 9 below.

Depository

The Company has appointed BNP Paribas Securities Services, London Branch to act as its depository. Pursuant to the Depository Agreement, the Depository must carry out the duties specified in AIFMD, including:

- Safekeeping of the assets of the Company which are entrusted to it
- Cash monitoring and verifying the Company's cash flows
- Oversight of the Company and the Manager, including:
 - Ensuring that the sale, issue, re-purchase, redemption, transfer, buy back and valuation of the Company's shares are carried out in accordance with the Company's constitutional documentation and applicable laws, rules and regulations
 - Ensuring that in transactions involving the Company's assets the consideration is remitted to the Company within the usual time limits
 - Ensuring that the Company's income is applied in accordance with the Company's constitutional documentation and applicable laws, rules and regulations
 - Carrying out instructions received from the Manager unless they conflict with the Company's constitutional documentation or any applicable law, rule or regulation, or the provisions of the Depository Agreement

In carrying out such functions the Depository must act honestly, fairly, professionally, independently and in the interests of the Shareholders.

The Depository is liable to the Company and/or Shareholders for the loss of a financial instrument held in custody by the Depository or a delegate unless the Depository is permitted to discharge and has discharged such liability under AIFMD and the Depository Agreement. The Manager will inform investors of any changes with respect to the Depository's liability for the loss of a financial instrument held in its custody. The Depository is also liable to the Company and/or Shareholders for all other losses suffered by them as a result of the Depository's negligent and/or intentional failure to properly fulfil its duties.

Under the Depository Agreement, the Company has indemnified the Depository against certain liabilities suffered by the Depository arising directly out of the performance of its obligations under the Depository Agreement, except in the case of any liability arising from the fraud, negligence, intentional failure or breach of contract of the Depository or any of its affiliates or delegates, or the loss of financial instruments as described above.

The Company, the Manager and the Depository may terminate the Depository Agreement at any time by giving 90 days' notice in writing. The Depository may only be removed from office when a new depository is appointed by the Company.

Auditor

Ernst & Young LLP has been appointed as the Company's auditor responsible for auditing the annual financial statements in accordance with auditing standards and, as appropriate, regulations, and for providing its report to the Company's shareholders in the annual report and financial statements. In addition, applicable law and regulation may require other reports to be prepared for the Company and, as the appointed auditor of the Company, the Auditor will undertake such work under the auditor service agreement between the Company and the Auditor.

Registrar

The registrar of the Company is Link Asset Services which is responsible for keeping the register of shareholders, which may be inspected, during normal business hours, at the Registrar's offices at 2nd Floor, 145 Morrison Street, Edinburgh, EH3 8AG or The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

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Stockbroker

Canaccord Genuity Limited has been appointed as the Company's stockbroker to provide the Company with corporate broking and associated financial advisory services.

Investors' rights against service providers will vary depending on a range of factors. If the relevant service provider is an authorised person under FSMA carrying out a regulated activity with respect to the Company, then a contravention by it of a Rule contained within the FCA Handbook may in certain circumstances give rise to a claim for breach of statutory duty against that service provider by an investor who suffers loss as a result of that contravention. Investors may also be afforded certain rights against service providers under general law.

8. Protection from professional liability risks

The Manager has effective internal operational risk management policies and procedures in order to appropriately identify measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self-assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. All risks and events are facilitated via the internal risk management system, which provides a platform to facilitate the convergence of governance, risk and compliance.

The Manager is required to cover professional liability risks, such as the risk of loss of documents evidencing title of assets to the Company, and complies with such requirement by maintaining an amount of its own funds in accordance with AIFMD.

9. Delegation arrangements and management of conflicts

Delegation arrangements

From time to time, the AIFM may sub-delegate certain management functions to its affiliated subsidiaries, including Aberdeen Asset Managers Limited, or third parties. The AIFM has sub-delegated:

- Portfolio management to the Investment Manager, Aberdeen Asset Managers Limited
- Company secretarial duties to Aberdeen Asset Management PLC
- Administration to Aberdeen Asset Managers Limited, which in turn has sub-delegated to BNP Paribas Fund Services UK Limited

Portfolio management

The Manager has sub-delegated portfolio management to the Investment Manager, which is authorised to undertake fund management and provide investment advice by the FCA. The Investment Manager is part of the Standard Life Aberdeen plc group of companies of which the Manager is also part.

Pursuant to the Investment Management Agreement the Investment Manager will be responsible for advising on the purchase and sale of investments within the categories allowed. The Investment Manager has discretion to take day to day investment decisions and to deal in investments in relation to the investment management of the Company, without prior reference to the Manager. The Manager is entitled to give further instructions to the Investment Manager. Notwithstanding the delegation of portfolio management to the Investment Manager, the Manager will at all times remain responsible for the portfolio management function and the Investment Manager has undertaken to abide by, and be subject to, the Manager's overall supervision, direction and control.

Company secretarial duties

The Manager has delegated company secretarial duties in relation to the Company to Aberdeen Asset Management PLC. Pursuant to the CoSec Agreement, the Company Secretary provides company secretarial services including convening meetings of Directors and general meetings of Shareholders, keeping the statutory books and records of the Company, maintaining the Company's register, preparing and delivering company announcements and other company secretarial duties properly or reasonably performed by the secretary of a company or as the Manager may reasonably require.

Administration

The Manager has delegated the administration of the Company to Aberdeen Asset Managers Limited, which in turn has sub-delegated this function to BNP Paribas Fund Services UK Limited. The Administrator will assist the Manager in calculating the Company's Net Asset Value and provide fund accounting services in respect of the Company.

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Depository delegation

The Depository has given notice that it will delegate certain safekeeping functions entrusted to it by the Company to various formally appointed delegates and third parties including in countries outside the domicile of the Company or the Depository (including central securities depositories, securities settlement systems, clearing houses, book-entry securities system and similar depositories, systems or facilities) in accordance with the provisions of AIFMD and the Depository Agreement.

Conflicts of interests

The Manager and the Investment Manager are committed to treating clients and shareholders fairly and have implemented procedures and processes to ensure that this is the case. In particular, the Manager and the Investment Manager have approved and adopted the Conflicts of Interests Policy of Standard Life Aberdeen plc.

The objective of the Conflicts of Interests Policy is to ensure the fair treatment of clients and shareholders in cases of conflicts of interests or potential conflicts of interests which may arise in the course of providing management, advisory or administrative services to the Company.

To achieve this objective, the Conflicts of Interests Policy seeks to ensure that the Company and its service providers and the Manager and its delegates have adequate organisational and structural measures in place:

- To identify circumstances which constitute or may give rise to a conflict of interests entailing a material risk of damage to the interests of the Company or its shareholders
- To provide procedures, mechanisms and systems to manage or resolve any such conflicts of interests; where such conflict cannot otherwise be avoided, ensuring that the Company, the Manager and the Investment Manager always act in the best interests of shareholders
- To maintain a proper record of any such conflict or potential conflict and to ensure proper reporting to affected shareholders

The following circumstances have been identified as constituting or potentially giving rise to conflicts of interests:

- The Manager and/or the Company may maintain other business relationships with BNP Paribas Securities Services, its delegates, or members of its group in parallel with the appointment of BNP Paribas Securities Services as depository of the Company. For example, the Administrator provides the Company and the Manager with fund administration services including net asset value calculations. The Depository and the Administrator are in the same group of companies. In addition, the Depository acts as stocklending agent and is entitled to receive a fee from the Company for its stocklending services.
- Directors of the Manager are senior executives of, and employed by, Standard Life Aberdeen plc
- The Manager, the Investment Manager and the Company Secretary are affiliated entities of Standard Life Aberdeen plc. The key terms of the Investment Management Agreement and the CoSec Agreement are similar to those which might be agreed between independent third parties
- The Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. The Investment Manager may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy
- Standard Life Aberdeen plc and its affiliates may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the Company; they may also utilise the same or similar strategies as those adopted by the Investment Manager on behalf of the Company. In addition, the Company may make investments in other funds managed or advised by Aberdeen or its affiliates

In order to ensure that actual and potential conflicts of interests are appropriately identified, managed and monitored, Standard Life Aberdeen plc has established a formal committee which operates under documented terms of reference and which meets regularly to maintain oversight of the Conflicts of Interests Policy and the management of live conflicts situations. Standard Life Aberdeen plc maintains a documented matrix of known or inherent conflicts of interests, as well as a documented register of live actual or potential conflicts of interests arising in the carrying on of its business operations.

In order to address situations of conflicts of interest, the Depository has implemented and maintains a conflicts of interest policy. Where a situation gives rise to a conflict which cannot be avoided, the Manager and Depository will monitor the conflict in order to prevent adverse effects on the interests of the Company and investors.

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10. Valuation procedures

The Company's accounting policies, including its policy in relation to the valuation of investments, are set out in the Annual Report which can be viewed at <http://www.murray-income.co.uk>.

The Company has delegated a number of its duties to the Manager including the proper valuation of the Company's assets, the calculation of the Net Asset Value of the Company and the publication of such Net Asset Values. Accordingly, the Manager has approved and adopted Standard Life Aberdeen plc's Valuation Policy. The Manager considers that the Valuation Policy contains appropriate and consistent procedures to ensure that a proper and independent valuation of the assets of the Company can be performed.

The Administrator has been engaged by Aberdeen Asset Managers Limited to assist the Manager in calculating the Net Asset Value of the Company. In practice, this means that the Administrator sources prices for the assets of the Company and calculates a proposed Net Asset Value. These calculations are presented to the Manager, which discusses any particular pricing issues with the Administrator and may ultimately decide whether any prices require adjustment before the Net Asset Value of the Company is adopted. This may be the case where the price of an asset is hard to value and the Administrator has used fair value pricing, or where the price of an asset has increased or fallen by a significant proportion since its previous valuation.

The Depositary is responsible for checking and monitoring that the Net Asset Value of the Company's assets is calculated in accordance with applicable law and regulation and the Articles.

11. Liquidity risk management and redemption rights

The Manager has a Liquidity Policy in place. For closed ended funds such as the Company, given their very nature, the Liquidity Policy focuses, primarily, upon the potential issues with regard to the mis-pricing of illiquid securities. Standard Life Aberdeen plc's market risk department is responsible for providing asset level liquidity evaluation reports on a periodic (eg monthly) basis to the Manager, the Investment Manager and other Standard Life Aberdeen plc entities. This market risk department uses various risk assessment methods and sophisticated portfolio modelling, via a tool called APT (Advanced Portfolio Technologies), to measure the risk profile of assets held by portfolios and the risk of there being portfolio illiquidity related to the assets. This measurement enables the provision of management information to the Manager and the Investment Manager to enable those risks to be monitored. The portfolio modelling and measurement looks at the following risks: (i) asset liquidity risk (where a number of methods are used to measure liquidity, depending upon the nature of the asset – eg traded volumes reported on an exchange as a percentage of the total outstanding of the specific asset or with reference to the depth of the market using the bid-ask spread as an indicator); and (ii) contingency arrangements or liquidity buffers.

There are no redemption rights attaching to shares in the Company.

12. Fees, charges and expenses

The Manager charges a monthly fee of one-twelfth of 0.55% per annum on net assets up to £350 million, 0.45% per annum on the next £100 million of net assets and 0.25% per annum on net assets above £450 million, calculated and paid monthly. The value of any investments in unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager or another company within the Aberdeen Asset Management group is the operator, manager or investment adviser; is deducted from net assets. The Company also incurs annual fees, charges and expenses in connection with administration, directors' fees, promotional activities, auditors' fees, lawyers' fees and depositary charges. The Company's Ongoing Charges (which include the management fee) for the last reported financial year, amounted to 0.69%.

13. Fair treatment/preferential treatment of Investors

The Manager is subject to the FCA's rules on treating customers fairly and has adopted a policy regarding treating customers fairly, the operation of which is overseen by a formal committee comprised of senior managers from the Group's various business units and from its risk division. The role of the Conduct Risk Committee, which meets regularly and operates under documented terms of reference, is to ensure that, among other matters, the Conduct Risk Policy is implemented and maintained and to consider any actual or potential Conduct Risk Policy issues arising in connection with the Group carrying on its business operations. General awareness training on the Conduct Risk Policy and what it means to the Group Aberdeen and its customers is delivered to all Group staff.

No investor in the Company obtains preferential treatment or the right to obtain preferential treatment.

Murray Income Trust PLC

14. Availability of the AIF's latest annual report

The Company's latest Annual Report is available on the Company's website at <http://www.murray-income.co.uk>.

15. Procedure and conditions for the Issue and sale of shares

The issue of new shares by the Company, either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA listing rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen Standard Investments savings schemes and qualify fully for inclusion within tax-efficient ISA wrappers. Further information on how shares in the Company may be purchased is set out in the section headed "How to Invest" in the Annual Report at <http://www.murray-income.co.uk>.

16. Latest NAV of the AIF

The Company's NAV is published by way of an announcement on a regulatory information service. For internet users, additional data on the Company, including the latest published NAV, the closing price of ordinary shares for the previous day of trading on the London Stock Exchange, performance information and a monthly factsheet, is available on the Company's website: www.murray-income.co.uk.

17. AIF's historical performance

The Company's historical performance data, including copies of the Company's previous annual report and accounts, is available on the Company's website: www.murray-income.co.uk.

18. Prime brokerage

The Company has not appointed a prime broker.

19. Periodic disclosures

The Manager will, at least as often as the annual report and accounts are made available to Shareholders, make the following information available to Shareholders:

- Any changes to (i) the maximum level of Leverage that the Manager may employ on behalf of the Company and (ii) any right of reuse of collateral or any guarantee granted under any leveraging arrangement
- The total amount of Leverage employed by the Company
- The percentage of the Company's investments which are subject to special arrangements resulting from their illiquid nature
- The current risk profile of the Company outlining (i) measures to assess the sensitivity of the Company to the most relevant risks to which the Company is or could be exposed and (ii) if risk limits set by the Manager have been or are likely to be exceeded and where these risk limits have been exceeded, a description of the circumstances and, the remedial measures taken
- The risk management systems employed by the Manager outlining the main features of the risk management systems employed by the Manager to manage the risks to which the Company is or may be exposed. In the case of a change, information relating to the change and its anticipated impact on the Company and its Shareholders will be made available

The Manager will inform Shareholders as soon as practicable after making any material changes to its liquidity management system and procedures. Any material changes to the periodic disclosures described above will be provided to Shareholders by way of an announcement to a regulatory news service announcement on the London Stock Exchange.

Murray Income Trust PLC

20. Defined terms

The following defined terms are used in this pre-investment disclosure document:

Aberdeen	Aberdeen Asset Management PLC, a subsidiary of Standard Life Aberdeen plc
Administrator	BNP Paribas Fund Services UK Limited
AIFMD	European Union Directive 2011/61/EU together with its implementing measures
AIFM or Manager	Aberdeen Standard Fund Managers Limited
Annual Report	the Company's Annual Report and Accounts for the year ended 30 June 2018
Articles	the Company's articles of association
Auditor	Ernst & Young LLP
Brussels Regulation	Council Regulation (EC 44/2001) of 22 December 2000, concerning the recognition and enforcement in England and Wales of judgments given by the courts of most EU member states in civil and commercial matters
Commitment Method	the commitment method for calculating leverage as prescribed under Article 8 of the AIFMD, which excludes certain hedging instruments from the calculation
Company or AIF	Murray Income Trust PLC
Company Secretary	Aberdeen Asset Management PLC
Conduct Risk Committee	Standard Life Aberdeen plc's formal committee for overseeing, among other matters, the Conduct Risk Policy
Conduct Risk Policy	Standard Life Aberdeen plc's documented policy regarding treating customers fairly
CoSec Agreement	the company secretarial agreement between the Manager and Company Secretary dated 16 July 2014
Conflicts of Interests Policy	Standard Life Aberdeen plc's documented conflicts of interests policy
Depository	BNP Paribas Securities Services, London Branch
Depository Agreement	Depository agreement among the Company, the Manager and the Depository dated 14 July 2014
FCA	Financial Conduct Authority
FCA Handbook	the FCA's Handbook of rules and guidance
FSMA	Financial Services and Markets Act 2000, as amended
Gross Method	the gross notional method for calculating leverage as prescribed under Article 7 of the AIFMD, which includes certain hedging instruments within the calculation
Group	Standard Life Aberdeen plc's group of companies
Investment Manager	Aberdeen Asset Managers Limited
Investment Management Agreement	Investment management agreement between the Manager and the Investment Manager dated 16 July 2014
Leverage	any method by which the AIFM increases the exposure of the Company whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means
Liquidity Policy	Standard Life Aberdeen plc's documented policy regarding liquidity risk management
Management Agreement	management agreement between the Company and the Manager dated 14 July 2014 as amended on 12 September 2017
Manager or AIFM	Aberdeen Standard Fund Managers Limited
Net Asset Value or NAV	the net asset value of the Company
Ongoing Charges	ratio of expenses as a percentage of average daily shareholders' funds calculated as per the Association of Investment Company's industry standard method
Registrar	Link Asset Services (formerly Capita Asset Services)
Shareholders	Shareholders of the Company
Stockbroker	Canaccord Genuity Limited
Valuation Policy	Standard Life Aberdeen plc's documented valuation policy regarding the production and oversight of net assets values of collective funds in the Europe, Middle East and Africa region

Other important information

Issued by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Registered Office: Bow Bells House, 1 Bread Street, London, EC4M 9HH. Registered in the United Kingdom No. 00740118. An investment trust should be considered only as part of a balanced portfolio. Under no circumstances should this information be considered as an offer or solicitation to deal in investments.



Appendix to Pre-investment Disclosure Document

Aberdeen Standard Fund Managers Limited: Risk management

Appendix to Pre-investment Disclosure Document

Risk Management function

Standard Life Aberdeen plc and its subsidiaries ("the Group") is committed to building and continuously improving a sound and effective system of internal control and a risk management framework that is embedded within its operations; this is the Group's first line of defence.

The Group's Risk Division, as the second line of defence, exists to support management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Conduct & Compliance, Operational Risk and Investment Risk Oversight. The team is headed by the Group's CRO, who reports to the Chief Executive Officers of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system (SWORD).

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group co- CEOs and to the chair of the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment; it is the Group's third line of defence.

The Group's corporate governance structure is supported by several committees that bring together Group's subject matter experts from different departments, to assist the Boards of Directors of Standard Life Aberdeen plc, its subsidiaries and the funds to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those that deal with investment recommendations to the Boards. The specific goals and guidelines on the functioning of these committees are described in their respective terms of reference.

Description of the process of identifying, assessing and managing risks

- **Market risk:** Is monitored through factor modelling used to calculate both absolute and relative ex ante quantities such as tracking error (TE) and Value at Risk (VaR). The VaR is computed on a NAV basis as the maximum loss that the portfolio should incur over 20 days, 99% of the time under normal market conditions. The fund's portfolio risks are decomposed into intuitive components to pinpoint areas of unexpected market risk. The techniques are applied to all relevant asset classes. The market risk is further monitored through the computation of the level of leverage by both the gross and net approach. The leverage is calculated by converting each FDI into the equivalent position in the underlying assets of those derivatives, on a NAV basis. The market risk linked to the concentration risk is mitigated through investment restrictions set according to the basic principle of diversification.
- **Liquidity risk:** The Group has a Liquidity Risk Management Policy in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity Risk is monitored on both the asset and liability sides. To measure and monitor asset liquidity risk the Group employs a number of methods specific to the underlying assets. In all cases, the approach is to reference the actual holdings of the sub-fund against a true measure of the market at both an aggregate and a position level. The Group has implemented a Group Pricing Policy which details the operational responsibilities for pricing assets, this policy is owned and overseen by the Group pricing Committee. On the liability side, investor transactions and, beyond this, investor behaviour are the main driver of liquidity within each sub-fund. In this context, the articles and prospectuses contain certain key provisions or limits which

provide protection to the funds and ultimately investors, in situations where liquidity might become a concern. In addition, the fund receives and analyses periodic reports in respect of the shareholder concentration within each sub-fund. Any shareholder concentrations and transactional behaviour are identified at sub-fund level and any particular concerns noted are escalated to the relevant Group Committee and respective Boards, if material.

- **Credit and counterparty risk:** The credit and counterparty risks linked to derivatives transactions are managed through processes outlined in the Group's Counterparty Credit Risk Policy. This Policy underpins on the following principles: Internal Credit assessments; credit limits; exposure calculation and oversight and Control. Credit research on counterparties is carried out by the Credit Investment Team. Research is conducted on the basis of qualitative and quantitative analysis and is presented for discussion at the Credit Committee on a monthly basis. Each counterparty is reviewed at least once per annum. Furthermore the Risk and Exposure Committee (REC) and/or credit Committee can impose house level restrictions on concentrations. Credit risk exposures are calculated net of collateral received. The methodology for calculating an amount for potential exposure arising from movements in mark to market is approved by the REC. Acceptable collateral and other commercial and credit terms for inclusion in the International Swap and Derivative Association (ISDA) documentation is defined in the Group Derivative Management Policy. Counterparty credit exposures are monitored against internal limits by an investment control team and monitored by the Group Credit Committee and Risk and Exposure Committee.
- **Legal risk:** All key contractual arrangements entered into by the funds are reviewed by the Legal Department and, where required, by external legal counsel. If these contracts refer to delegation arrangements, where applicable, there is an operating memorandum defining information flows between the parties, frequency of services and deadlines, a clear attribution of rights and responsibilities of each party and, when applicable, the key performance indicators to measure performance. Any litigation issues are also handled by the Legal Department.

Each OTC derivatives are framed within the legal provisions of the ISDA Master agreement which defines the rights and obligations of parties engaging in derivatives trading. The ISDA master agreements are negotiated and signed between each umbrella/sub-fund and the counterparty. The Credit Support Annex (CSA) is a legally binding document which is annexed to the ISDA agreement and details the Minimum Transfer Amount (MTA) or collateral required by AAML when engaging in OTC derivatives trading with counterparties. The Group Derivative Management Committee is responsible for approving the commercial terms associated to derivative documentation for the Group.

- **Tax risk:** The Group uses external tax consultants to advise on tax structuring, transactions and tax reporting.
- **Operational risk:** The Operational Risk Management Framework ensures that the operational risks taken and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented. The identification, measurement, management and monitoring of operational risk within the Group are achieved through the use of the Group's Operational Risk Management Framework System, SWORD. This system provides the following key Risk Management Modules:

Appendix to Pre-investment Disclosure Document

- *Event Management*: This module serves as a historical loss database, in which any operational failures, loss and damage experience (Events) will be recorded. The records include professional liability damages. The process for recording, investigation and mitigation of Events aims to ensure that they are not repeated.
- *Issues and Actions Plan*: The issues and actions module provides a standardised mechanism for identifying, prioritising, classifying, escalating and reporting internal audit findings and other on-going / unresolved matters impacting the Group from a risk or regulatory perspective (Issues).
- *Risk and Control Self Assessment (RCSA)*: The RCSA process is to ensure key risks and key controls are identified and managed effectively in order to satisfy, at a Group level, Internal Capital Adequacy (ICAAP) requirements. The RCSA also provides a systematic and holistic means of identifying risk and control gaps that could impact business or process objectives which are agreed by senior management to complete.
- *Business Continuity Plan (BCP)*: Is in place and designed for invocation where there has been significant disruption to normal business functions at any Standard Life Aberdeen plc office that is likely to last longer than 24 hours.

Measuring risk

Where appropriate the Group applies the following measurements for each fund:

- **Leverage**: Has the effect of gearing a fund's expected performance by allowing a fund to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).
- **Volatility, Value-at-Risk (VaR) and Conditional VaR (CVaR)**: Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. VaR measures with a degree of confidence the maximum the fund could expect to lose in any one given day, assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected loss, under the assumption that the VaR has been reached.
- **Tracking error (TE)**: Measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.
- **Systematic and stock specific risk**: Systematic risk represents the proportion of a fund's risk that is attributable to market exposure; and specific risk represents the risk that is intrinsic to individual stocks (i.e. particular to a given stock's attributes).
- **Stress test and scenario analysis**: Captures how much the current portfolio will make or lose if certain market conditions occur.
- **Concentration risk**: By grouping the portfolio through various different exposures: country, sector, issuer, asset etc., to identify where concentration risk exists.

Escalation and reporting

The Group recognises timely and adequate reporting measures as well as escalation channels to be key components of the control process and management of risk.

The Risk team provide regular updates to the Board/senior management on the adequacy and effectiveness of the Risk Management Process indicating, where applicable, actual or anticipated deficiencies and the remedial measures.

In addition, all issues and events impacting any Group entity or the funds are logged in SWORD, by the relevant area within the prescribed time limits.