Dunedin Income Growth Investment Trust PLC

Annual Report and Accounts
31 January 2014

Aberdeen

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

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

Strategic Report – Company Summary and Financial Highlights

The Company
The Company is an investment trust and its Ordinary shares are listed on the premium segment of the London Stock Exchange. An investment trust is a way to make a single investment that gives you a share in a much larger portfolio.

Investment Objective
To achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom.

Company Benchmark
In assessing its performance, the Company compares its return with the return of the FTSE All-Share Index. It is measured on a net asset value total return basis over the long-term.

Manager
The Company is managed by Aberdeen Asset Managers Ltd ("AAM" or the "Manager") - Lead Manager, Jeremy Whitley.

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

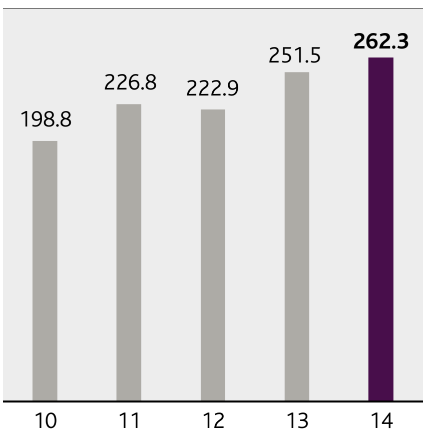
Financial Highlights

	2014	2013
Net asset value total return[A]	+8.7%	+18.8%
Share price total return	+8.6%	+27.6%
Earnings per share (revenue)	11.89p	10.77p
Dividend per share[B]	11.10p	10.75p

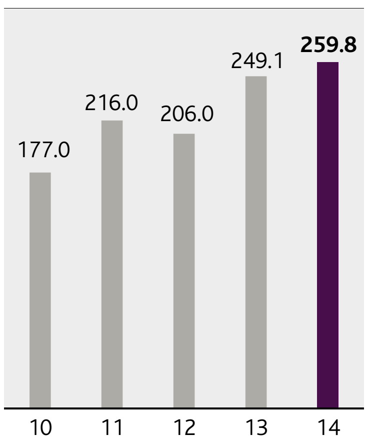
[A] With debt at market value (dividends reinvested).

[B] Relating to the financial year.

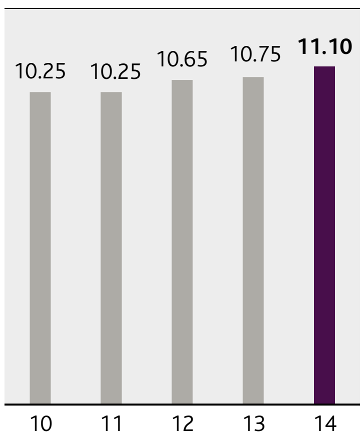
Net Asset Value per share with debt at market value
At 31 January – pence



Mid-market price per share
At 31 January - pence



Dividends per share
At 31 January – pence



Strategic Report – Overview of Strategy

Introduction

The purpose of this report is to provide shareholders with details of the Company's strategy and business model as well as the principal risks and challenges it faces.

The business of the Company is that of an investment trust and the Directors do not envisage any change in this activity in the foreseeable future.

Objective

The Company's objective is to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom.

Business Model - Investment Policy and Approach

In pursuit of its objective, the Company's policy is to invest in high quality companies with strong income potential, while at the same time providing an above-average portfolio yield. The Company maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. Whilst the Company is invested mainly in companies listed or quoted in the United Kingdom it has the freedom to invest up to 20% of its gross assets overseas.

It is the policy of the Company to invest no more than 15% of its gross assets in other listed investment companies.

It is the policy of the Company to invest no more than 15% of its gross assets in any one company.

Investment Process

Day-to-day management of the Company's assets has been delegated to Aberdeen Asset Managers Limited. The Manager believes that, over the long-term, share prices reflect the underlying business fundamentals of companies and hence investments are made based on research undertaken on individual companies. This is known as a "bottom up" investment process. This process involves a disciplined evaluation of potential investments through meeting investee companies. New investments are not made without the Manager having first met the management of the investee company, undertaken further analysis and written detailed notes to outline the underlying investment merits. A company's value is estimated in two stages, quality then price. Quality is defined by reference to management, business focus, balance sheet and corporate governance. Price is assessed relative to key financial ratios and business prospects.

The Manager's portfolios are generally run conservatively, with an emphasis on traditional buy-and-hold, top-slicing/topping up and this approach results in low turnover within portfolios.

Portfolios are managed by the Manager on a team basis, with individual investment managers carrying out their own research and analysis. All ideas are shared via formal committees and common databases, with desk heads and the Chief Investment Officer ensuring consistency. Further information on the investment process and risk controls employed by the Manager can be found on page 54.

Principal Risks and Uncertainties

The principal risks facing the Company relate to the Company's investment activities and include market risk (comprising foreign currency risk and other price risk), liquidity risk and credit risk. An explanation of these risks and how they are managed is contained in note 19 to the financial statements. The Board has adopted a matrix of the key risks that affect its business.

i. **Performance risk:** A fall in the market value of the Company's portfolio would have an adverse effect on shareholders' funds. The NAV performance relative to the FTSE All-Share Index ("the Index") and the underlying stock weightings in the portfolio against the Index weightings are monitored closely by the Board.

ii. **Investment risk:** Investment risk within the portfolio is managed in three ways:
   - Adherence to the Investment Process in order to minimise investments in poor quality companies and/or overpaying.
   - Diversification of investment - seeking to invest in a wide variety of companies with strong balance sheets and the earnings power to pay increasing dividends. In addition investments are diversified by sector in order to reduce the risk of a single large exposure. The Manager believes that diversification should be looked at in absolute terms rather than relative to a benchmark. At the year end the Company's portfolio consisted of 40 holdings. A description of the Company's holdings and sector analysis is shown on pages 14 to 18.
   - The Board has laid down absolute limits on maximum holdings and exposures in the portfolio at the time of acquisition. These can only be over-ridden with Board approval. These include the following:

     a) Not more than 10% of gross assets to be invested in any single stock;
     b) Top five holdings should not account for more than 40% of gross assets; and
     c) Holdings other than equities and cash (or cash equivalents) should not exceed 10% of gross assets.

iii. **Discount volatility:** The Company's share price can trade at a discount to its underlying net asset value. The Company operates a premium/discount programme to manage this volatility.

iv. **Regulatory risk:** The Company operates in a complex regulatory environment and faces a number of regulatory risks. Breaches of regulations, such as Sections 1158-1159 of the Corporation Tax Act 2010, the UKLA Listing Rules and the Companies Act, could lead to a number of detrimental outcomes and reputational damage. The Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager.

v. **Gearing risk:** The Company has the ability to utilise gearing in the form of a two year multi-currency revolving credit facility of £30.0 million. The Company also has long-term borrowing of a £28.6 million 7 ⅞% Debenture Stock 2019. Gearing has the effect of accentuating market falls and market gains. The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. Gearing is used selectively to leverage the Company's portfolio in order to enhance long term returns. Borrowings, other than the debenture stock, are short term and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy. The Board monitors gearing with debt measured both at par and market value and has agreed various gearing restrictions which are incorporated in guidelines for the Manager and in the Articles of Association of the Company.

These gearing restrictions are set out below:

a. Gearing should not exceed 30% of the net asset value at the time of draw down (with debt at market value).
b. Per the Articles of Association, total amounts borrowed shall not at any time exceed the aggregate amount of the issued and paid up share capital and reserves (as per the last published balance sheet of the Company).

vi. **Scottish Independence Referendum**: Ahead of the referendum on Scottish independence, to be held on 18 September 2014, the Board has noted the uncertainty resulting from it. In the event that the Scottish electorate vote in favour of independence the Board believes that this period of uncertainty will continue for the Company until its future operating environment is clearer, especially with regard to the legislative, economic and regulatory backdrop. Like others, the Board shall keep under review options to mitigate any foreseen adverse consequences of a separation from the rest of the UK.

Performance and Outlook

The strategic direction and development of the Company is regularly discussed as part of Board meeting agendas. At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The Board also considers the efficacy of marketing and promotion of the Company, including communications with shareholders, which is explained in more detail on page 55.

A review of the Company's activities and performance during the year to 31 January 2014 and future developments is detailed in the Chairman's Statement and the Manager's Review. This covers market background, investment activity, portfolio strategy, dividend and gearing policy and investment outlook. A comprehensive analysis of the portfolio is provided on pages 14 to 18.

Key Performance Indicators (KPIs)

The Directors consider net asset value total return, share price total return and dividend levels when reviewing KPIs.

The main KPIs used by the Board in assessing the Company's performance include:

- Net Asset Value
- Revenue Return per Ordinary Share
- Share Price
- Discount
- Performance relative to FTSE All-Share Index
- Performance relative to peer group
- Ongoing Charges

Details of the Company's results are provided on pages 11 to 13.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge in order to allow it to fulfill its obligations. The Director's statement on diversity is set out on page 27. At 31 January 2014, there were three male and two female Directors. The Company has no employees.

Employee and Socially Responsible Policies

As the Company has delegated the management of the portfolio, it has no employees and therefore has no requirement for disclosures in this area. The Company's socially responsible investment policy is set out in the Statement of Corporate Governance.

Global Greenhouse Gas Emissions

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

The Manager's corporate socially responsible investment policy including environmental policy can be found on http://www.aberdeen-asset.com/aam.nsf/groupCsr/home.

Rory Macnamara
Chairman
21 March 2014

Strategic Report - Chairman's Statement

Rory Macnamara
Chairman

I am pleased to report that 2013/14 was another year of good positive returns for your Company which achieved a net asset value total return of 8.7%. The shares have continued to provide a very attractive yield - at the time of writing close to a 20% premium to the FTSE All-Share and a 50% premium over UK government 10 year securities. Moreover, helped by portfolio re-positioning in prior periods, underlying earnings grew by 10.4%. This allowed us to deliver real growth in the dividend with a proposed increase of over 3% for the full year. Yet, it is disappointing to have to report that for the first year since 2008/09 we have failed to outperform our benchmark - with the FTSE All-Share Index achieving a return of 10.1%. Strategic choices and the Manager's own style and stock decisions are each partly responsible.

Our strategic ambitions for your Company are to achieve total returns in excess of the FTSE All-Share while delivering a solidly underpinned yield that is attractive compared to other asset classes and to grow the dividend in real terms. Ideally, over time, we will achieve all three objectives. However, we would not necessarily expect, in any single year to achieve all of these goals. In recent years, as we have strived to maintain and secure our relatively high dividend yield, we have delivered capital growth substantially in excess of the benchmark but struggled to grow the pay-out in excess of inflation - this year it was the other way round. Nevertheless, over the last 10 years the dividend has increased comfortably in excess of inflation.

2013/14 was a year when investors pursued the promise of growth. Technology stocks were back in vogue in a way not seen since the heady days of 2000; Ocado was the best performing company in the FTSE 350 with a total return of 394% despite being neither profitable nor paying a dividend. Mid cap and small cap companies delivered extraordinarily high total returns with the FTSE 250 up 23.5% and the FTSE SmallCap (excluding Investment Companies) up 40.3%; at the same time the larger cap FTSE 100 rose a more modest 7.6%.

The Company's portfolio is more heavily tilted towards larger, dividend generating companies that can help us meet our income commitments. (By way of illustration, the FTSE 100 currently yields 3.8% as opposed to just 2.2% from the FTSE SmallCap Index). This positioning dates back to the time immediately following the 2008 financial crisis when the Board, after consultation with shareholders, decided to prioritise maintaining the dividend, despite the lack of cover. Since 2009, we have endeavoured not only to cover the pay-out but also to orientate the portfolio towards companies with faster earnings growth that will help the Company to achieve real growth in dividends. This process is only partially complete, hindered by both the need to manage the income account and the price that has been demanded in recent times for shares in companies with the kind of consistent growth characteristics which the Manager seeks.

The Manager's investment style, with an emphasis on good quality businesses, conservative balance sheets and with a prudent focus on valuations was not ideally suited to a market focused on growth. In addition, the second half of the year saw a number of companies in the portfolio suffer from specific issues upon which the Manager reflects at greater length in its report.

The UK economy has recovered more dramatically than we anticipated this time last year when the general mood was bleak and the talk of triple dip recessions. Today we are currently enjoying one of the fastest rates of growth in the developed world, with the consensus forecast for GDP expansion in 2014 of close to 3%. The portfolio, with its bias towards larger and more internationally diverse companies, has not benefitted as much as it might have done from this domestic recovery. Last year we highlighted as a long-term positive the diversity of currencies in which your Company's holdings earn their revenues. However, in concert with the strong performance of the UK economy has been the strong performance of sterling, especially against the US dollar and many emerging market currencies. Thus we expect for DIGIT that, at current rates of translation, currency movements will be adverse in 2014/15 - negatively affecting companies that make profits outside the UK and also those dividends that are declared directly in overseas currencies. Over the medium-term we still consider that a portfolio of businesses that have the option to make money in a wide range of different geographies will be an enduring advantage in helping to achieve diversification and to ensure a healthy range of growth opportunities.

Gearing

We continue to believe that sensible use of modest financial gearing, whilst amplifying market movements in the short-term, will enhance both capital and income returns for shareholders over the long-term. To this end we employ two sources of financial leverage, a core long-term fixed rate debenture (repayable in 2019) with a nominal value of £28.6 million and a variable rate bank loan facility of £30 million of which £5 million was drawn at the year end. The quantum of gross debt has remained unchanged over the course of the year.

With debt valued at par, potential gearing has decreased from 8.7% at the end of the last financial year to 8.0% as a result of the increase in value of the Company's asset base. On a pure equity basis, netting off our cash, net gearing has declined from 7.9% to 6.7%.

As it considers the appropriate long-term capital structure for the Company and bears in mind the repayment date of the debenture, your Board is keeping a close watch on opportunities to take advantage of the current very low financing rates on long-term fixed rate debt.

The variable rate bank loan facility was renewed in July on more favourable terms and with an increase in size from £20 million to £30 million. This reflects both the increased value of the Company's assets and recognition that much of the previous facility was being used to provide liquidity support for our option writing programme. The new arrangements provide increased headroom for capital deployment in the event that attractive opportunities present themselves. After the year end we took the advantage of the multi-currency nature of the bank facility agreement to switch the currency of the drawn part of the facility into euros - achieving both a modest reduction in funding costs and also providing a degree of hedging for our currency exposures.

Corporate Governance and Regulation

The Board fully endorses the UK Corporate Governance Code and takes action to ensure that we meet all aspects relevant to Investment Companies by complying with the AIC's Code of Corporate Governance. The Directors (each of us being non-executive) are independent of the Company and, of course, of the Manager and any other significant service provider. Notwithstanding that the Code provision relating to external evaluation of the Directors does not apply to the Company, we have decided to implement this aspect and a review was carried out in 2013. Following from this we have created a Management Engagement Committee to give additional focus to the performance and engagement terms of the Manager. We believe that the existing Audit and Nomination & Remuneration Committees are operating effectively with appropriate Terms of Reference, the latter including active consideration of succession planning.

We make sure that at appropriate intervals we make time to consider strategic issues, for example the appropriateness of the Company's performance benchmark, Board guidelines on diversification of investments and income, gearing and other issues relating to the way the portfolio is managed and risks controlled.

In each of our regular Board meetings we review any issues raised by shareholders and seek to ensure that these have been satisfactorily dealt with through the Company's administrative procedures. I believe we have an effective system for resolving any problems but if any shareholder does have further concerns, administrative or otherwise, both I and John Carson, the Senior Independent Director, can be contacted through the Manager.

One of the Board's most important duties is to consider whether the Manager is appropriate in terms of experience, breadth and depth of resources and consistency of investment process and to ensure that its services are provided to the Company on a competitive basis. We review these through the Management Engagement Committee as well as an extensive range of absolute and relative performance statistics and look at these indicators over a range of time periods to ensure that the Company adopts a long-term rather than short-term view.

A significant proportion of the Company's costs are represented by the fees paid to the Manager. We consider that our overall costs are reasonable compared with the Company's peer group and equivalent Open Ended Equity Income Funds and that, within the total, the Manager's services (which cover not only portfolio management but also administrative and company secretarial matters) are currently provided at a competitive rate. We do not consider that we should seek to amend the fee basis to include a performance related element as this would introduce complexity and the evidence indicates that such arrangements tend, in general, to operate against shareholder interests.

Alternative Investment Fund Managers Directive

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

Premium/Discount

Over the past year the price relative to the net asset value at which the shares of your Company trade moved slightly from a premium of 1.4% to a premium of 1.6%. In recent months the Company has traded consistently at a very tight discount to its net asset value and occasionally, just as it finished the financial year, at a premium. Your Company issued, at a premium, 300,000 shares from treasury during the year, which will help to dilute the operating costs and improve NAV per share.

In contrast we did not undertake any share re-purchases during the year, but we are once again seeking shareholders' permission to do so and, while it seems unlikely at the current moment, are prepared to use this power if we deem it sensible in the light of DIGIT's level of discount in both absolute terms and relative to those of our peer group.

Dividend

As I wrote last year, much of the work undertaken by the Manager since 2009 has been about initially repairing, then stabilising and finally looking to grow the revenue generating capability of your Company. We find ourselves in the latter part of that process. Ultimately we want to see the income growth of the Company aligned with the dividend growth of its underlying investments. As we expected, the year 2013/14 has seen a pleasing acceleration in income and we have continued the process of looking to enhance the diversity of our income streams and to increase their long-term growth potential.

When it comes to setting dividend distributions, as a Board we take a long-term assessment of the income generating capability of the portfolio. As a result we have announced a final dividend of 3.375p which will make a total of 11.1p for the full year, an increase of just over 3%. Subject to approval from shareholders at the Annual General Meeting, this will be paid on 30 May 2014 to shareholders on the register on 9 May 2014. The Board continues to aspire to a dividend that grows in real terms, while building a level of dividend cover, taking a prudent view on the cyclicality of earnings and being underpinned by a sensibly diversified and high quality portfolio of investments.

Outlook

After two successive years where equity market performance has substantially exceeded our expectations it may seem somewhat churlish again to sound a note of caution on the outlook, especially given the improvement in economic conditions in the UK and the newfound relative stability that seems to be developing across Europe. However, despite positive macro economic indicators, earnings conditions in aggregate remain challenging. The strength of sterling is posing translational headwinds to earnings from overseas, while emerging markets are experiencing some significant growing pains and developing some potentially substantial economic and political challenges. This is made all the more pressing now that the US Federal Reserve has begun its unwind, the so called "tapering", of the huge monetary stimulus that it deployed during the financial crisis. The emerging markets have fuelled a great deal of global growth in recent years and it is far from certain that the developed world will fill the resultant demand slack. Meanwhile investors' appetite for risk, judging by the recent acceleration in initial public offerings and the uptick in M&A activity, appears to be increasing. With valuations at reasonably full levels and aggregate earnings struggling to make much headway we believe we should maintain a cautious stance.

Given adverse currency movements, the high level of option income achieved in the past and some portfolio effects, we do not expect to see the level of underlying earnings growth in 2014/15 that we achieved this year but we still hope to make modest progress and at current rates of inflation to continue to grow the dividend in real terms.

From the Board's perspective we do not expect outperformance in all market conditions but we do expect performance consistent with strategy. The Manager will continue to focus on good quality companies with dividend paying capacity, strong management and robust balance sheets. With the renewed bank facility offering increased financial resources, your Manager will continue to look for opportunities to tilt the portfolio towards companies with faster growth potential, whilst a close eye will still be kept on both the income account and the valuations on which portfolio additions are made. Over the longer term, your Board believes a focus on fundamentals will ultimately prove beneficial and we remain supportive of the Manager's focus on achieving that critical triumvirate of capital outperformance, attractive yield and real growth in income.

Annual General Meeting

The Company's Annual General Meeting will take place in London this year (AAM's offices, Bow Bells House, 1 Bread Street, EC4M 9HH), on 22 May 2014, and I look forward to seeing as many of you there as possible.

Rory Macnamara
Chairman
21 March 2014

Strategic Report - Manager's Review

After a good first half to the year unfortunately we did not manage to outperform our benchmark on a total return basis in 2013/14. Stylistically, with our conservative, long-term investment philosophy and emphasis on income generation, this was not a year when we would have expected to deliver exceptional outperformance. Stocks have risen substantially over the past five years, (the FTSE All-Share is up close to 150% since the market's nadir in March 2009) and for much of the period once again moved ahead at a rapid pace, with the year 2013 being the best year for UK equities since 2009. Mid, small and technology companies in particular led the charge with some truly spectacular returns, only really giving up some gains in the final month of the financial year. Yet against this unfavourable backdrop what particularly held us back in the year was experiencing at the company level a number of specific issues in the second half.

In more pleasing fashion the portfolio did make progress in other avenues with a much improved revenue performance and continued development in diversifying our sources of income and capital growth. Nonetheless we are more than a little frustrated, believing that the portfolio's relative total return in the year does not reflect its inherent potential. We enter 2014/15 therefore with substantial latent performance potential within the Company that is largely uncorrelated to events in the wider market. In simple terms, while we cannot predict the timing we think there is the opportunity for good returns going forward from the companies we hold.

Warren Buffet, in his annual letter this year, outlined his expectations for Berkshire Hathaway to outperform the S&P 500 "in years where the market is down or modestly up" and to "expect to fall short…. in years where the market is strong". In a far more modest way that is exactly what we aspire to achieve for DIGIT. With a focus on good quality businesses that can preserve capital value in tough times and participate in, though probably not exceed, the bounties that are available in strong markets, which over the cycle leads to good levels of capital outperformance married with delivering real growth in dividend distributions.

Readers of our reports over the last few years will note that we have a struck a cautious tone driven by what we perceived to be a lack of fundamental value open to us. For the first time in over two years the flip side of some weak performance in the portfolio is that we finally see real value again amongst our existing holdings.

Performance

As we had anticipated 2013/14 was a much stronger period for income generation than the twelve months before with revenue rising 10.0% year on year. This though did benefit from a one off special dividend from Sage. Excluding exceptional gains income rose a healthy 7.6% driven by option income increasing 28%, benefitting from some attractive underwriting opportunities and a reversal of fair value impacts, and most importantly a 5.9% increase in income from dividends from the portfolio. Underlying income per share also rose 7.6% to 11.59p. Notably income from stock dividends increased over the year as we opted to take a number of dividends as scrip due to the attractive discounts being offered to the prevailing share prices. Income from overseas holdings rose by 13.9% and in total represented 22% of our dividend income and continues to play an important role in helping to broaden the opportunity set and to diversify our revenue streams.

In terms of capital performance we commented last year that we were surprised by the lack of problems at the company level. The gods of investor irony were reading that report and the second half of 2013 certainly more than compensated. Pearson, Standard Chartered, Centrica, Tesco, HSBC, Wood Group, and Royal Dutch Shell all queued up to give us bad news from the summer months onwards. Meanwhile, companies such as Unilever and British American Tobacco also delivered rather lacklustre share price performance on account of their exposure to weaker currency and demand trends in emerging markets.

To give you some idea of the effort that goes in at Aberdeen in terms of due diligence and research, we have met with those nine companies over 240 times in the last five years. That does not insulate us from external shocks, political interventions or indeed the general cut and thrust of trading and the economy but it does give us a great platform of understanding and confidence in the longer term prospects of those companies and their ability to withstand the challenges they face. We still consider them to be good businesses with strong balance sheets, respectable prospects for long-term growth and with very capable management teams.

One of the factors that gives us confidence is that the linkages between these holdings are virtually non-existent. They have all suffered from largely independent events be that a slow-down in US College enrolments for Pearson, reduction in Oil & Gas capital spending for Wood Group or weaker economic conditions in Asia for Standard Chartered, meaning that this is unlikely to be some kind of systemic effect. Therefore we regard these impacts as somewhat temporary in nature and while they may not reverse quickly we do expect trading dynamics to stabilise and perhaps improve as we move through into 2015.

The one company that perhaps worries us most out of those listed above is Tesco where we do have concerns over the company's ability to respond effectively to the structural pressures that they face from discount retailers and online general merchandising and that is one company where we will be keeping a close watching brief in the months ahead, being particularly judicious in the deployment of any additional capital.

The year, though difficult, was not without success stories. Sage, Associated British Foods, Prudential, Berendsen, Vodafone, AstraZeneca and GKN all registered some very pleasing share price performances, rewarded by and large for successful execution of strategy and in Vodafone's case for a substantial crystallisation of value. We remain optimistic on these companies' prospects for 2014 and well beyond.

Portfolio Activity

Portfolio turnover was once again characteristically modest at well under 10% in keeping with our long term buy and hold approach. In the first half of the year we sold out of Aviva, Morrisons and Whitbread and introduced a new holding in Inmarsat. The second half of the year was somewhat quieter with no new companies being bought or positions entirely exited.

The sale of the holdings in Aviva and Morrisons continued the process of concentrating the portfolio further. Morrisons was sold as we already have plenty of exposure to food retailing in Tesco and Casino. While the company faces a number of strategic challenges ultimately we did not feel that it added anything meaningfully different to the portfolio, nor did we consider the end markets or the valuation to be sufficiently compelling. We also disposed of our position in Aviva, where once again we did not consider it to add something significantly different to our existing holdings in Zurich Insurance Group and Prudential, while containing added complexity, arguably an inferior franchise and a dividend that we did not consider sustainable. In contrast Whitbread was exited after very strong absolute and relative performance which stretched the valuation and dividend yield beyond a level we felt likely to offer us an acceptable return over the longer term.

We also reduced our holding in Vodafone on relative strength as the company benefitted from the sale of its holding in Verizon Wireless and the return to shareholders of a large percentage of those proceeds, crystallising much of the latent value we felt lay within the company. Profits were taken in Associated British Foods which delivered spectacular returns as investors began to get very excited about the potential for their Primark brand to become the next Inditex (Zara). Once again while we retain a modest holding the valuation is increasingly reflecting significant success in the development of this strategy and recycling some capital seemed a prudent course of action.

Inmarsat was the one new company that was added to the portfolio during the year. An owner and operator of satellites they have a very strong position in serving maritime markets and are looking to grow their exposure to land and air based customers. While not trading on an inherently cheap multiple the business offers something quite different to the portfolio, pays an above market dividend yield and offers attractive long term growth prospects as they enter new markets and leverage the transition to more demand for data based services.

Our positions in the French and emerging market supermarket Casino and in speciality chemicals company Croda were both bulked up taking them to more meaningful weightings following initial positions being established the year before. We also took advantage of market weakness in June to add to National Grid and Sage and added further to positions in Centrica, Pearson and Standard Chartered as these companies encountered various difficulties over the year. We also increased our holding in Italian oil company ENI on relative weakness and added further to our holding in GDF Suez as the business showed signs of having reached an earnings trough in the very challenging European power markets. Both these companies offer substantial dividend yields combined with attractive levels of potential capital growth given very modest valuations.

Outlook

We expect revenue growth to be a little slower in the year ahead than we experienced in 2013/14 as we are unlikely to see much growth in option writing, while the strength of sterling is likely to prove a near term headwind if current rates of exchange prevail, especially against the US dollar. That being said we will continue to look for opportunities to invest in companies that can raise our longer term rate of revenue growth and keep a close eye on continuing to manage the diversity of capital and income.

We are though more optimistic on the prospects for capital growth within our own portfolio and we see substantial long term upside in a number of companies for the first time in a significant while. While there can be no guarantees on the timing of that delivery we do believe that there are real opportunities there which should, barring continued very strong equity markets, bring some helpful relative benefits.

With regard to the wider market we observe once again that in general earnings multiples are towards the upper end of historic ranges, that earnings growth remains under pressure and that small and mid-cap companies are enjoying close to record premium valuations relative to the FTSE 100. We also see a significant pick up in the type of market behaviour associated with an increase in animal spirits; namely a raft of initial public offerings and an increase in M&A activity.

Once again we must caveat that against very strong market conditions we will struggle to keep up in the year ahead. However, we believe that our focus on good quality businesses with strong balance sheets, excellent management teams and the capacity to pay and grow dividends should continue to deliver good returns and real dividend growth to our investors over the long-term.

Jeremy Whitley
and Ben Ritchie
Aberdeen Asset Managers Limited
21 March 2014

Strategic Report - Results

Financial Highlights

	31 January 2014	31 January 2013	% change
Total assets (see page 58 for definition)	£437,058,000	£419,124,000	+4.3
Equity shareholders' funds[A]	£396,154,000	£379,000,000	+4.5
Equity shareholders' funds with debt valued at par	£403,526,000	£385,605,000	+4.6
Market capitalisation	£392,239,000	£375,454,000	+4.5
Share price (mid)	259.75p	249.13p	+4.3
Net asset value per share[A]	262.34p	251.48p	+4.3
Net asset value per share with debt valued at par	267.17p	255.82p	+4.4
FTSE All-Share Index	3,496.51	3,287.38	+6.4
Premium/(discount)[B] (difference between share price and net asset value)			
Premium where borrowings are deducted at market value	1.6%	1.4%	
Gearing (see page 58 for definition)			
Net gearing[C]	6.73%	7.89%	
Dividends and earnings			
Total return per share	22.24p	41.30p	
Revenue return per share	11.89p	10.77p	
Total dividend per share for the year	11.10p	10.75p	
Dividend cover	1.07	1.00	
Revenue reserves:			
Prior to payment of third interim dividend declared and proposed final dividend	14.17p	13.20p	
After payment of third interim dividend declared and proposed final dividend	8.22p	7.45p	
Operating costs			
Ongoing charges[D]	0.59%	0.62%	

[A] Calculated by valuing the Company's debt at its market value.
[B] These premiums are based on capital only NAV's, calculated in accordance with AIC guidelines. Using the NAV's that derive from figures in the statutory accounts would generate a discount.
[C] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition on page 58)
[D] The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses divided by the average cum income net asset value throughout the year.

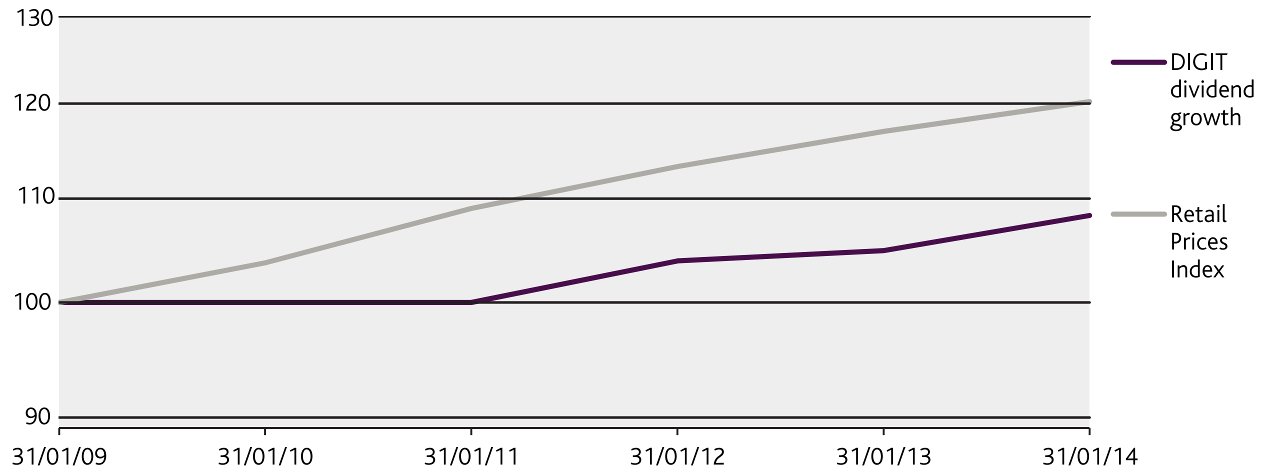
Performance

	1 year % return	3 year % return	5 year % return
Capital return			
Net asset value	+4.3%	+15.7%	+67.2%
FTSE All-Share Index	+6.4%	+14.9%	+68.2%
Share price	+4.3%	+20.3%	+83.9%
Total return (Capital return plus net dividends reinvested)			
Net asset value	+8.7%	+32.9%	+114.3%
FTSE All-Share Index	+10.1%	+27.7%	+100.9%
Share price	+8.6%	+38.5%	+137.8%

Source: Aberdeen, Factset & Morningstar

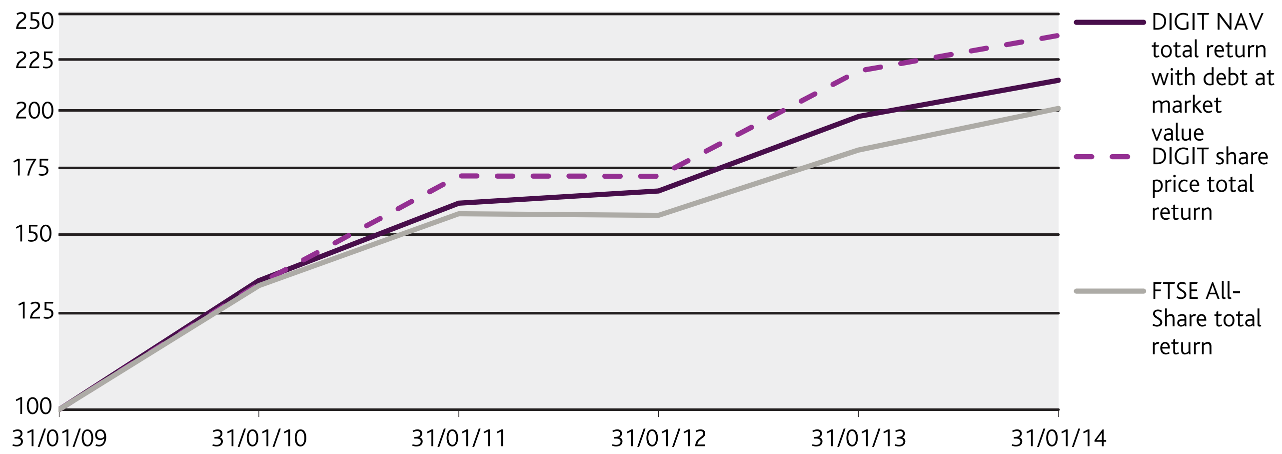
Strategic Report - Performance

Comparison of Dividend Growth of Dunedin Income Growth Investment Trust (DIGIT) to RPI (figures rebased to 100) on a Semi-logarithmic Scale - Five years ended 31 January 2014



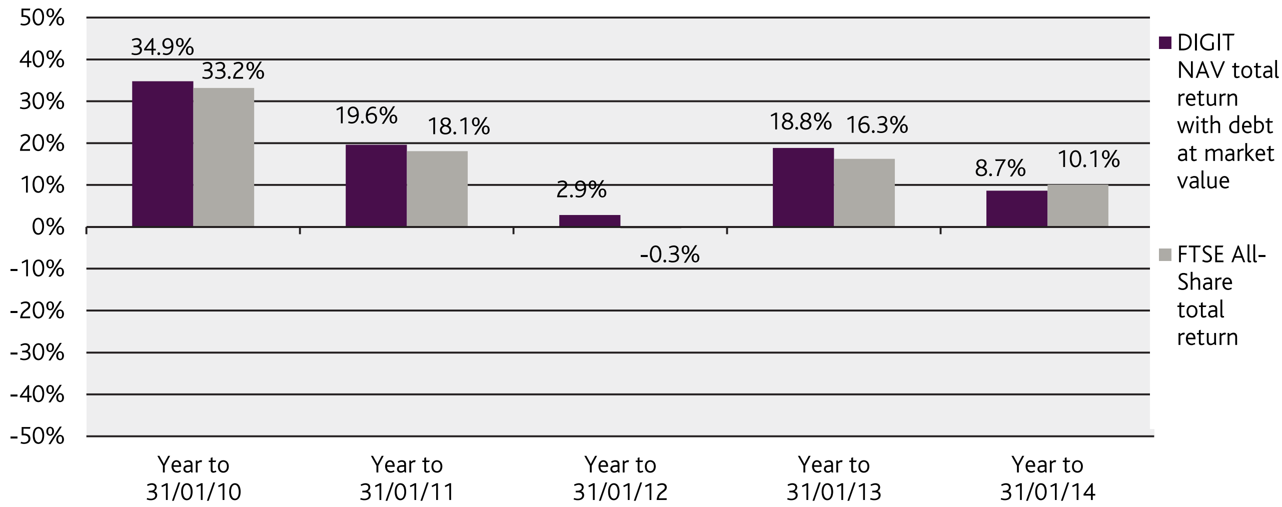
Source: Aberdeen Asset Management & Facstet

Comparison of NAV and Share Price Total Return Performance of DIGIT to FTSE All-Share Index (figures rebased to 100) on a Semi-logarithmic Scale - Five years ended 31 January 2014



Source: Aberdeen Asset Management, Morningstar & Factset

Comparison of NAV Total Return Performance of DIGIT to FTSE All-Share Index Total Return for 5 years



Source: Aberdeen Asset Management & Factset

Ten Year Financial Record

Year ended 31 January	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total revenue (£'000)	15,526	17,314	17,988	18,717	19,998	14,251	16,904	19,173	18,866	20,750
Per share (p)										
Revenue return[A]	7.77	9.20	10.04	10.58	11.72	7.99	10.15	11.00	10.77	11.89
Dividends paid/proposed	7.55	8.20	9.00	10.00	10.25	10.25	10.25	10.65	10.75	11.10
Revenue reserve[B]	4.76	5.82	7.09	7.85	9.41	7.16	7.06	7.42	7.45	8.22
Net asset value[C]	233.17	253.24	296.10	254.74	160.45	201.37	230.13	226.39	255.82	267.17
Total return	35.15	27.63	50.75	(32.16)	(84.12)	51.15	39.00	6.50	41.30	22.24
Shareholders' funds (£'000)	368,840	398,267	456,067	386,680	241,944	303,603	346,927	341,280	385,605	403,526

The figures for 2005 for net asset value and shareholders' funds have been restated to reflect the changes in accounting policies (FRS 26 – Financial Instruments: Recognition and Measurement; FRS 21- Events after the Balance Sheet Date). The figures for dividends have not been restated and still reflect the dividends for the years in which they were earned.

[A] The revenue return for 2011 includes 0.47p attributable to a refund of VAT in respect of the periods 1 January 1990 – 4 December 1996 and 1 January 2001 to 31 December 2003 and 0.74p attributable to interest due on all VAT recovered.

[A] The revenue return for 2010 includes 0.11p attributable to a refund of VAT in respect of the period 1 January 2001 – 31 December 2003.

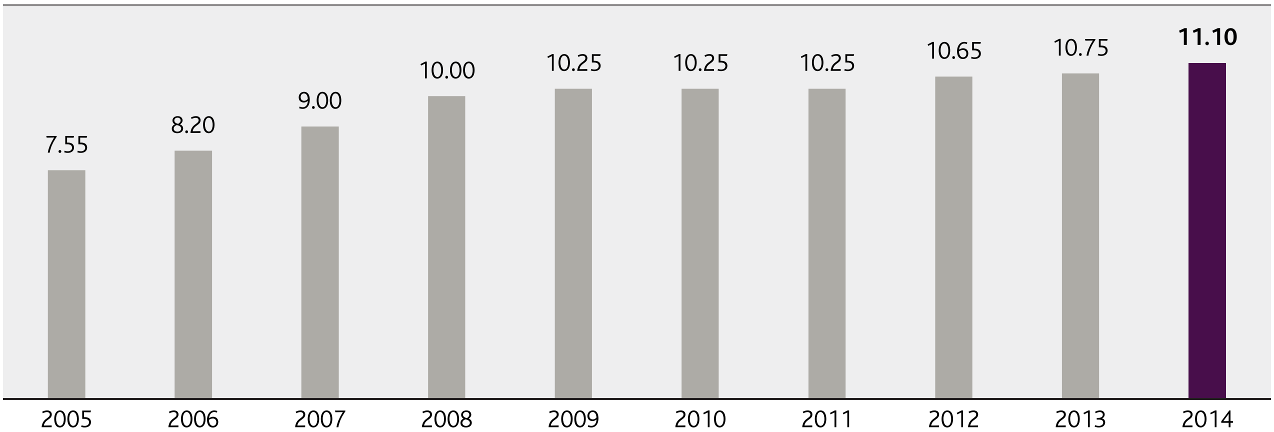
[A] The revenue return for 2009 includes 0.20p attributable to a refund of VAT in respect of the period 1 January 2004 – 31 October 2007.

[B] After payment of third interim and final dividends

[C] With debt at par.

Dividends Per Share - Pence

Year to 31 January



Dividends

Dividend per share	Rate	xd date	Record date	Payment date
Proposed final dividend 2014	3.375p	07 May 2014	09 May 2014	30 May 2014
Third interim dividend 2014	2.575p	05 February 2014	07 February 2014	28 February 2014
Second interim dividend 2014	2.575p	06 November 2013	08 November 2013	29 November 2013
First interim dividend 2014	2.575p	07 August 2013	09 August 2013	30 August 2013
Total dividend 2014	**11.10p**			

Dividend per share	Rate	xd date	Record date	Payment date
Final dividend 2013	3.25p	01 May 2013	03 May 2013	31 May 2013
Third interim dividend 2013	2.50p	06 February 2013	08 February 2013	28 February 2013
Second interim dividend 2013	2.50p	07 November 2012	09 November 2012	30 November 2012
First interim dividend 2013	2.50p	08 August 2012	10 August 2012	31 August 2012
Total dividend 2013	**10.75p**			

Investment Portfolio – Ten Largest Investments

As at 31 January 2014

Company	FTSE All-Share Index Sector	Valuation 2014 £'000	Total assets %	Valuation 2013 £'000
GlaxoSmithKline GlaxoSmithKline is a pharmaceutical group that develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products.	Pharmaceuticals & Biotechnology	21,896	5.0	20,237
Vodafone Vodafone is a global mobile telecommunications company providing a range of services, including voice and data communications.	Mobile Telecommunications	21,167	4.8	20,179
Royal Dutch Shell 'A' Royal Dutch Shell explores for, produces and refines petroleum and produces fuels, chemicals and lubricants. Shell owns and operates gasoline filling stations world-wide.	Oil & Gas Producers	20,882	4.8	21,088
Centrica Centrica provides gas, electricity and energy related products and services to business and residential customers. It also provides heating and gas appliance installation and maintenance services.	Gas, Water & Multiutilities	19,248	4.4	20,294
HSBC Holdings HSBC provides a variety of international banking and financial services, including retail and corporate banking, custody, capital markets, insurance and private banking.	Banks	17,336	4.0	19,638
Prudential Prudential is a life insurance and savings company with leading market positions in Asia, the United States and in the UK. They also own the fund management group M&G.	Life Insurance	16,762	3.8	14,351
British American Tobacco British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and other tobacco products. The group sells over 300 brands in approximately 180 markets around the world.	Tobacco	15,367	3.5	18,516
Unilever Unilever is one of the world's foremost fast moving consumer goods companies with a portfolio of leading brands across the food and beverage, personal care and household categories.	Food Producers	14,853	3.4	16,249
AstraZeneca AstraZeneca researches, develops, produces and markets pharmaceutical products. The company's operations are focused on six therapeutic areas: Cardiovascular, Oncology, Respiratory, Neuroscience, Inflammation and Infection. The company's product pipeline offers a number of interesting opportunities.	Pharmaceuticals & Biotechnology	14,662	3.4	11,601
National Grid National Grid owns, operates and develops electricity and gas networks. The Group's electricity transmission and distribution networks are located throughout the UK and in North-Eastern USA.	Gas, Water & Multiutilities	13,650	3.1	10,920
Top ten investments		**175,823**	**40.2**	

Investment Portfolio – Other Investments

As at 31 January 2014

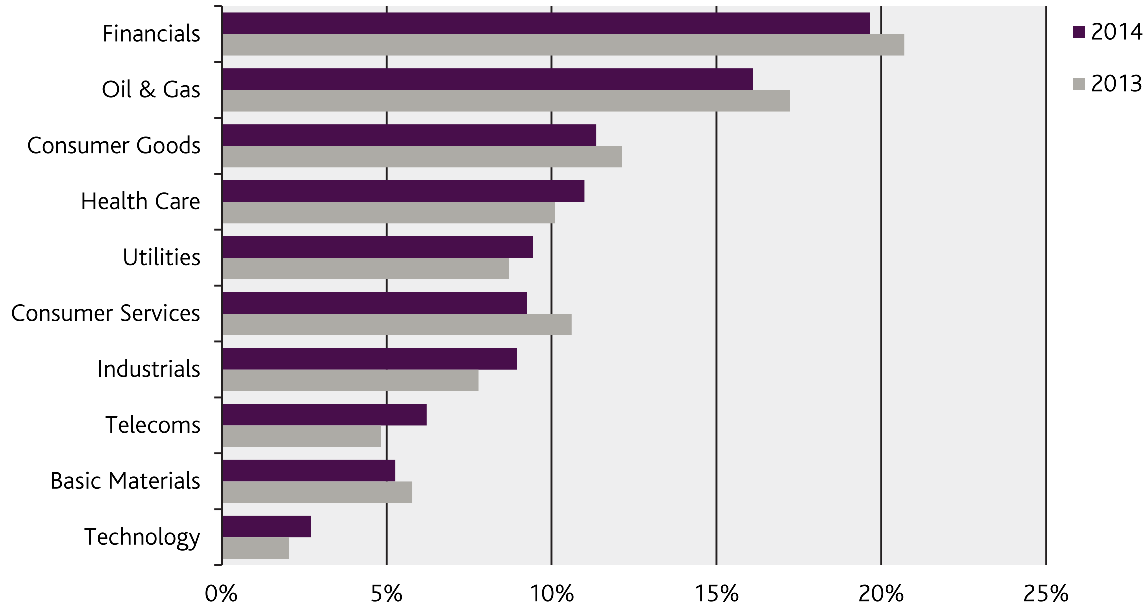
Company	FTSE All-Share Index Sector	Valuation 2014 £'000	Total assets %	Valuation 2013 £'000
Tesco	Food & Drug Retailers	13,224	3.0	14,708
Cobham	Aerospace & Defence	12,929	3.0	9,319
BP	Oil & Gas Producers	12,696	2.9	12,397
BHP Billiton	Mining	12,497	2.9	16,393
ENI	Oil & Gas Producers	12,422	2.8	13,424
Pearson	Media	12,310	2.8	10,030
Close Brothers	Financial Services	12,027	2.8	8,916
Sage	Software & Computer Services	11,673	2.7	8,552
Zurich Financial Services	Non-life Insurance	11,671	2.7	9,793
Standard Chartered	Banks	11,048	2.5	10,971
Top twenty investments		**298,320**	**68.3**	
Roche	Pharmaceuticals & Biotechnology	10,874	2.5	10,324
Total	Oil & Gas Producers	10,700	2.4	10,529
Compass	Travel & Leisure	9,961	2.3	8,358
Unibail-Rodamco	Real Estate Investment Trusts	9,945	2.3	11,966
Berendsen	Support Services	8,223	1.9	7,259
GDF Suez	Gas, Water & Multiutilities	7,836	1.8	5,123
Rolls-Royce	Aerospace & Defence	7,490	1.7	5,969
GKN	Automobiles & Parts	6,893	1.6	4,209
Nestlé	Food Producers	6,596	1.5	6,609
AMEC	Oil Equipment, Services & Distribution	6,304	1.4	6,616
Top thirty investments		**383,142**	**87.7**	
Provident Financial	Financial Services	6,006	1.4	5,314
Inmarsat	Mobile Telecommunications	5,667	1.3	–
Linde	Chemicals	5,357	1.2	5,345
Associated British Foods	Food Producers	5,240	1.2	5,072
Experian	Support Services	5,044	1.2	5,243
Weir	Industrial Engineering	4,967	1.1	4,706
Croda	Chemicals	4,872	1.1	2,376
John Wood	Oil Equipment, Services & Distribution	4,687	1.1	5,876
Casino Guichard Perrachon	Food & Drug Retailers	4,452	1.0	2,162
BG Group	Oil & Gas Producers	1,789	0.4	1,960
Total investments		**431,223**	**98.7**	
Net current assets[A]		**5,835**	**1.3**	
Total assets less current liabilities[A]		**437,058**	**100.0**	

[A] Excluding bank loan of £5,000,000.

Investment Portfolio - Sector and Performance Breakdown

As at 31 January 2014

Sector Breakdown

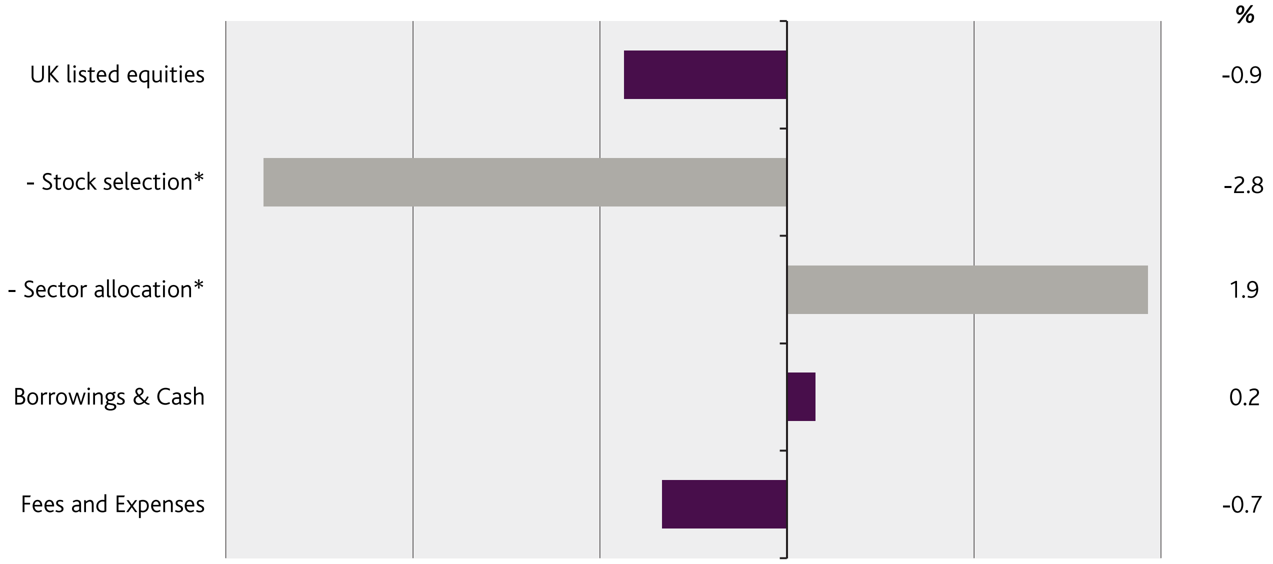


Analysis of Total Return Performance

	%
Gross assets total return	**9.3**
Total NAV return per share[A]	8.7
Total return on FTSE All-Share Index	10.1
Relative performance	**–1.4**

[A] With debt at market value

Analysis of Performance Relative to the FTSE All-Share Index



* Further analysis of performance attributable to listed equities.

Sector Analysis

As at 31 January 2014

		FTSE All-Share Index weighting 2014 (%)	Portfolio weighting 2014 (%)	Portfolio weighting 2013 (%)
Oil & Gas	Oil & Gas Producers	13.53	13.38	14.17
	Oil Equipment, Services & Distribution	0.52	2.51	2.98
	Alternative Energy	0.01	–	–
		14.06	**15.89**	**17.15**
Basic Materials	Chemicals	0.76	2.34	1.84
	Forestry & Paper	0.17	–	–
	Industrial Metals & Mining	0.03	–	–
	Mining	6.99	2.86	3.91
		7.95	**5.20**	**5.75**
Industrials	Construction & Materials	0.88	–	–
	Aerospace & Defence	2.35	4.67	3.65
	General Industrials	0.73	–	–
	Electronic & Electrical Equipment	0.53	–	–
	Industrial Engineering	1.00	1.14	1.12
	Industrial Transportation	0.33	–	–
	Support Services	4.48	3.03	2.98
		10.30	**8.84**	**7.75**
Consumer Goods	Automobiles & Parts	0.31	1.58	1.00
	Beverages	3.76	–	–
	Food Producers	2.19	6.11	6.66
	Household Goods & Home Construction	2.40	–	–
	Leisure Goods	0.03	–	–
	Personal Goods	0.42	–	–
	Tobacco	3.75	3.52	4.42
		12.86	**11.21**	**12.08**
Health Care	Health Care Equipment & Services	0.47	–	–
	Pharmaceuticals & Biotechnology	7.17	10.85	10.06
		7.64	**10.85**	**10.06**
Consumer Services	Food & Drug Retailers	2.03	4.04	5.30
	General Retailers	2.06	–	–
	Media	3.14	2.82	2.39
	Travel & Leisure	3.61	2.28	2.87
		10.84	**9.14**	**10.56**
Telecommunications	Fixed Line Telecommunications	1.72	–	–
	Mobile Telecommunications	5.54	6.14	4.81
		7.26	**6.14**	**4.81**
Utilities	Electricity	0.77	–	–
	Gas, Water & Multi-utilities	2.79	9.32	8.67
		3.56	**9.32**	**8.67**

Sector Analysis continued

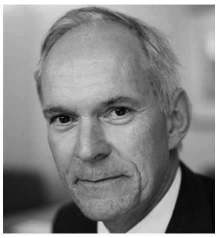
		FTSE All-Share Index weighting 2014 (%)	Portfolio weighting 2014 (%)	Portfolio weighting 2013 (%)
Financials	Banks	11.46	6.49	7.30
	Non-life Insurance	0.99	2.67	2.34
	Life Insurance	4.16	3.83	4.68
	Real Estate Investment & Services	0.56	–	–
	Real Estate Investment Trusts	1.60	2.28	2.87
	Financial Services	2.06	4.13	3.40
	Equity Investment Instruments	3.30	–	–
		24.13	**19.40**	**20.59**
Technology	Software & Computer Services	0.55	2.67	2.04
	Technology Hardware & Equipment	0.85	–	–
		1.40	**2.67**	**2.04**
Total equities		**100.00**	**98.66**	**99.46**
Net current assets before borrowings			**1.34**	**0.54**
Total assets less current liabilities			**100.00**	**100.00**

Your Board of Directors

The Directors, all of whom are non-executive, and independent of the Manager, supervise the management of Dunedin Income Growth Investment Trust PLC and represent the interests of Shareholders.

Rory Macnamara

Status: Independent Non-Executive Chairman
Age: 59
Length of service: 8 years, appointed a Director on 7 September 2005
Experience: formerly vice-chairman of Morgan Grenfell & Co Limited and a managing director of Lehman Brothers. Currently a consultant to or director of a number of listed and private companies
Last re-elected to the Board: 23 May 2011
Committee membership: Audit Committee, Management Engagement Committee and Nomination & Remuneration Committee
Remuneration 2013/14: £29,000
All other public company directorships: Chairman of Essenden plc and a director of Augean PLC, Dragon Ukrainian Properties & Development plc, Mears Group PLC and Mecom Group PLC
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 14,000 Ordinary shares
Meetings attended during the year:
Board Meetings: 6
Audit Committee Meetings: 3
Nomination and Remuneration Committee Meetings: 1
Management Engagement Committee: 1



John Carson

Status: Senior Independent Non-Executive Director
Age: 61
Length of service: 6 years, appointed a Director on 25 June 2007
Experience: former Head of Institutional Clients at Baillie Gifford & Co
Last re-elected to the Board: 23 May 2011
Committee membership: Chairman of Audit Committee and member of Management Engagement Committee and Nomination & Remuneration Committee
Remuneration 2013/14: £23,000
All other public company directorships: None
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 40,000 Ordinary shares
Meetings attended during the year:
Board Meetings: 6
Audit Committee Meetings: 3
Nomination and Remuneration Committee Meetings: 1
Management Engagement Committee: 1

Catherine Claydon

Status: Independent Non-Executive Director
Age: 49
Length of service: 3 years, appointed a Director on 1 February 2011
Experience: formerly managing director in Goldman Sachs International Pension & Insurance Strategies Group and a managing director at Lehman Brothers in its Pension Advisory Group
Elected to the Board: 23 May 2011
Committee membership: Audit Committee, Management Engagement Committee and Nomination & Remuneration Committee
Remuneration 2013/14: £20,000
All other public company directorships: Witan Investment Trust PLC
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 4,000 Ordinary shares
Meetings attended during the year:
Board Meetings: 6
Audit Committee Meetings: 3
Nomination and Remuneration Committee Meetings: 1
Management Engagement Committee: 1

Elisabeth Scott

Status: Independent Non-Executive Director
Age: 51
Length of service: 2 years, appointed a Director on 24 January 2012
Experience: formerly country head of Schroders in Hong Kong. Previously responsible for Schroders' institutional client business in Hong Kong and managed multi-asset portfolios.
Elected to the Board: 23 May 2012
Committee membership: Chairman of Management Engagement Committee and a member of Audit Committee and Nomination & Remuneration Committee
Remuneration 2013/14: £20,000
All other public company directorships: Director of Pacific Horizon Investment Trust PLC and Fidelity China Special Situations Investment Trust PLC
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 4,800 Ordinary shares
Meetings attended during the year:
Board Meetings: 6
Audit Committee Meetings: 3
Nomination and Remuneration Committee Meetings: 1
Management Engagement Committee: 1

Peter Wolton

Status: Independent Non-Executive Director
Age: 57
Length of service: 7 years, appointed a Director on 4 May 2006
Experience: a former chief executive of Baring Asset Management Limited and member of the Group Management Committee of Schroder Investment Management Limited. Currently a director of the New Model School Company Limited.
Last re-elected to the Board: 23 May 2012
Committee membership: Chairman of Nomination & Remuneration Committee and member of Audit Committee and Management Engagement Committee
Remuneration 2013/14: £20,000
All other public company directorships: None
Employment by the Manager: None
Other connections with Company or Manager: None
Shared Directorships with any other Company Directors: None
Shareholding in Company: 22,944 Ordinary shares
Meetings attended during the year:
Board Meetings: 6
Audit Committee Meetings: 3
Nomination and Remuneration Committee Meetings: 1
Management Engagement Committee: 1

Directors' Report

Introduction

The Board of Directors, Rory Macnamara (Chairman), John Carson, Catherine Claydon, Elisabeth Scott and Peter Wolton held office throughout the year under review. The Directors present their report and audited financial statements for the year ended 31 January 2014.

The Company and its Objective

The Company is an investment trust and its Ordinary shares are listed on the premium segment of the London Stock Exchange. The Company's objective is to achieve growth of income and capital from a portfolio invested mainly in companies listed or quoted in the United Kingdom. In pursuit of the Company's objective, the Company's investment policy is to invest in high quality companies with strong income potential, while at the same time providing an above-average portfolio yield. A review of the Company's activities is given in the Strategic Report. This includes the overall strategy of the business of the Company and its principal activities, main risks faced by the Company, likely future developments of the business, the recommended dividend and any changes to its issued share capital.

Status

The Company is an investment company, within the terms of Section 833 of the Companies Act 2006 and carries on business as an investment trust. The Company is registered as a public limited company. The Company's registration number is SC000881. The Company has no employees and the Company makes no political donations.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 January 2014 so as to enable it to comply with the ongoing requirements for investment trust status.

The affairs of the Company were conducted in such a way as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner in the future.

Results and Dividends

The first, second and third interim dividends for the year ended 31 January 2014 of 2.575p per Ordinary share each were paid on 30 August 2013, 29 November 2013 and 28 February 2014 respectively.

The Directors now recommend a final dividend of 3.375p per Ordinary share payable on 30 May 2014 to holders of Ordinary shares on the register on 9 May 2014. The relevant ex-dividend date is 7 May 2014. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting ("AGM").

Investment Management Agreement

The Company has an agreement with Aberdeen Asset Managers Ltd ("AAM") for the provision of investment management, administrative and secretarial services.

The investment management fee for the year ended 31 January 2014 was calculated, on a monthly basis, at 0.45% on the first £225 million, 0.35% on the next £200 million and 0.25% on amounts over £425 million per annum of the net assets of the Company calculated with debt at par and excluding commonly managed funds ("net assets"). The fee for the year ended 31 January 2014 amounted to 0.41% of average monthly net assets. The Investment Management Agreement is currently terminable on not less than six months' notice. Details of the fee can be found in note 3 to the financial statements. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Management Engagement Committee on an annual basis. The Committee's conclusions regarding the continued appointment of the Manager are dealt with in detail in the Chairman's Statement on page 6 and in the Statement of Corporate Governance on page 27.

Directors' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liabilities in relation to their acts on behalf of the Company. Each Director of the Company shall be entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him in the execution of his duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Corporate Governance

The Statement of Corporate Governance which forms part of the Directors' Report is shown on pages 24 to 29.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances are realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The current bank loan expires in July 2015. The Company's

Directors believe that the Company has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 33 to 35.

Each Director confirms that, so far as he or she (hereinafter referred to as "he") is aware, there is no relevant audit information of which the Company's auditor is unaware, and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. Additionally there are no important events affecting the Company since the year end.

Independent Auditor

Following their intention to gradually wind down the activity in their registered firm, KPMG Audit Plc, KPMG have proposed that an alternative entity, KPMG LLP, become the Company's auditor. The change is purely administrative and there will be no adverse impact on investors' interests as a result.

Accordingly, KPMG have notified the Company that KPMG Audit Plc is not seeking reappointment and have provided a statutory statement of circumstances upon ceasing to hold office pursuant to section 519 of the Companies Act 2006. In accordance with section 520 of the 2006 Act, a copy of this statement is enclosed with the report and accounts. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning its appointment will be put to the forthcoming AGM of the Company. There is no impact on the terms in which the auditor will be retained.

The Directors have reviewed the level of non-audit services provided by the auditor during the year, together with the auditor's procedures in connection with the provision of such services, and remain satisfied that KPMG Audit Plc's objectivity and independence is being safeguarded.

Annual General Meeting ("AGM")

At the AGM to be held on 22 May 2014, resolutions will be proposed concerning the following business:

Amendment to Articles of Association

Resolution 10, which is an ordinary resolution, will be proposed to increase the limit on aggregate fees payable by the Company to the Directors under Article 102 to £200,000. The Directors wish to make provision for an expansion in the number of members of the Board to allow for a period of overlap during orderly succession planning and accordingly a base aggregate figure of £200,000 per annum or such larger amount as the Company may by ordinary resolution determine is proposed.

A copy of the new proposed Articles of Association will be available for inspection at the registered office of the Company and at the Manager's London office, Bow Bells House, 1 Bread Street, London EC4M 9HH during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of the notice of the AGM until the conclusion of the AGM and at the venue of the AGM from 11.45 a.m. until the conclusion of the meeting.

Allotment of Shares

Resolution 11 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 50,330,362 Ordinary shares (up to a maximum nominal amount of £12,582,591 being 33.33% of the current issued Ordinary share capital, excluding treasury shares, and within institutional guidelines) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the AGM to be held in 2015 or, if earlier, 31 July 2015 (unless previously revoked, varied or extended by the Company in general meeting).

As at 21 March 2014, the Company held 2,671,748 treasury shares which represented 1.8% of the issued share capital (excluding treasury shares).

The Directors consider that the authority proposed to be granted by resolution 11 is necessary to retain flexibility, although they do not at the present time have any intention of exercising such authority.

Limited Disapplication of Pre-emption Provisions

Resolution 12 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares and to sell Ordinary shares held in treasury (see below) (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions), and (iii) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount of £1,887,577, representing approximately 5% of the issued Ordinary share capital of the Company at the date of this Directors' Report, without first being required to offer such shares to existing shareholders *pro rata* to their existing shareholding.

This power will last until the conclusion of the AGM of the Company to be held in 2015 or, if earlier, 31 July 2015 (unless previously revoked, varied or extended by the Company in general meeting).

The Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. Such sales are required to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 12 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash, and treasury shares would only be sold for cash, at a premium to the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

Market Purchase of the Company's own Ordinary Shares

Resolution 13 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:–

a) sell such shares (or any of them) for cash (or its equivalent); or
b) ultimately, cancel the shares (or any of them).

The Directors intend to continue to take advantage of this flexibility as they deem appropriate. For example, treasury shares may be resold quickly and cost effectively. Treasury shares also enhance the Directors' ability to manage the Company's capital base.

No dividends will be paid on treasury shares and no voting rights attach to them.

The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority shall be 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (approximately 22.6 million Ordinary shares). The minimum price which may be paid for an Ordinary share shall be 25p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares shall be the higher of a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will be exercised only if exercise would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it were in the best interests of shareholders as a whole.

This authority will last until the conclusion of the AGM to be held in 2015 or, if earlier, 31 July 2015 (unless previously revoked, varied or extended by the Company in general meeting).

Recommendation

The Board considers the above resolutions to be in the best interests of the Company and its members as a whole and are most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board unanimously recommends that shareholders should vote in favour of the resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings, amounting to 85,744 Ordinary shares.

By order of the Board
Aberdeen Asset Management PLC
Secretary
Edinburgh
21 March 2014

Statement of Corporate Governance

Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 21 to 23.

Compliance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company applies the principles identified in the 2012 UK Corporate Governance Code ("UK Code") which is available on the Financial Reporting Council's website: www.frc.org.uk. The Board confirms that the Company has complied throughout the accounting period with the relevant provisions contained within the UK Code.

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

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

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

The UK Corporate Governance Code includes provisions relating to:

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

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. The AIC Code is available on the AIC's website: www.theaic.co.uk

Directors

The Board, which meets at least six times during the year and more frequently when business needs require, has overall responsibility for the Company's affairs.

The Board has formally adopted a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include strategy, Company structure, risk, reviewing the Manager, borrowings, treasury, dividend, and corporate governance policy. Full and timely information is provided to the Board to enable the Board to function effectively and to allow Directors to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

The Board delegates, through an Investment Management Agreement and through specific instructions, the day-to-day management of the Company to Aberdeen Asset Managers Limited (the "Manager"). The Company has no employees. The Board consists of five non-executive Directors, including the Chairman. As is common for an investment trust, there are no executive Directors. All the Directors are considered to be independent.

Information on the Directors appears on pages 19 to 20. Each Director has the requisite business and financial experience to enable the Board to provide effective strategic leadership and proper governance of the Company. The Senior Independent Director is John Carson.

There is a formal process for the consideration and authorisation, by the Board, of Directors' reported actual and potential conflicts of interest, a full analysis of the Directors' appointments and interests having been considered at each Board meeting. In accordance with the Company's Articles of Association and relevant legislation, each Director abstains from approval of his own position. The Board will continue to monitor and review potential conflicts of interests on a regular basis.

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Manager also adopts a zero tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

External Agencies

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

Accountability and Audit

The Board confirms that as at 31 January 2014 there is a process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the year ended 31 January 2014 and up to the date of approval of the annual report and accounts, that it is regularly reviewed by the Board and accords with the internal control guidance for directors in the UK Code.

The Board has overall responsibility for ensuring that there is a system of internal controls in place and a process for reviewing its effectiveness. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board has prepared its own risk register which lists potential risks relating to strategy; shareholders; Board; investment management; marketing; company secretarial; custodian; third party service providers and other external factors. The Board considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate these potential risks.

Clear lines of accountability have been established between the Board and the Manager. The Board receives regular reports covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Manager, the Manager's internal audit and compliance functions and the auditor.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC Guidance and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Company and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Company.

The key components designed to provide effective internal control are outlined below:

- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- as a matter of course the Manager's compliance department continually reviews the Manager's operations; and
- at its March 2014 meeting, the Board carried out an annual assessment of internal controls for the year ended 31 January 2014 by considering documentation from the Manager, including the internal audit and compliance functions and taking account of events since 31 January 2014.

The Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within the Manager, has decided to place reliance on the Manager's systems and internal audit procedures.

Board Committees

The Directors have appointed a number of Committees, as set out below. Copies of their terms of reference, which clearly define the responsibilities and duties of each Committee, are available on the Company's website, or upon request from the Company.

Audit Committee

An Audit Committee is established consisting of the whole Board with John Carson acting as Audit Committee Chairman. The Board has considered Mr Macnamara's membership of this Committee and believes that given the Board's size and overlap between the Board and the Audit Committee that the Chairman of the Board should remain a member of this Committee. The Committee meets three times a year and reviews audit matters within clearly defined written terms of reference.

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience – Mr Carson is a member of the Institute of Chartered Accountants of England and Wales.

In summary, the Audit Committee's main functions are:

- to review and monitor the internal control systems and risk management systems (including review of non financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out on page 24);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and Administrator;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Directors shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditor to supply non-audit services. The non-audit fee paid to the auditor during the year under review was £5,200 for the interim review and £500 for the annual review of compliance with debenture stock covenants. The Committee will review any future fees in the light of the requirement to maintain the auditor's independence;
- to review a statement from the Manager detailing the arrangements in place within AAM whereby AAM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor; and
- to monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification.

Significant Accounting Issues

The significant accounting issue considered by the Committee during the year in relation to the Company's financial statements was the valuation, existence and ownership of investments. The valuation of investments is undertaken in accordance with the accounting policies, disclosed in notes 1(a) and 1(c) to the accounts on page 40. The audit includes independent confirmation of the existence of all investments from the Company's custodian. All investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 within the FRS 29 fair value hierarchy.

Other Accounting Issues

Other accounting issues considered by the Committee included:

- Recognition of Investment Income. The recognition of investment income is undertaken in accordance with accounting policy note 1(b) to the accounts on page 40. The audit includes an analytical review of the Company by comparing income received to its stated benchmark, supplemented by additional testing of dividends.
- Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010. Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1 February 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.

Review of Auditor

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

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

KPMG Audit Plc has held office as auditor for 24 years; in accordance with professional guidelines the audit director is rotated after at most five years, and the current audit director has served for two years. The Committee considers KPMG Audit Plc, the Company's auditor, to be independent of the Company.

KPMG Audit Plc has instigated an orderly wind down of its business and KPMG LLP, the successor entity to KPMG Audit Plc, will be proposed as auditor at the AGM. The Audit Committee is satisfied that KPMG LLP is independent and that it would not be appropriate to put the audit appointment out to tender at the present time. The Audit Committee therefore supports the recommendation to the Board that the appointment of KPMG LLP be put to shareholders for approval at the AGM.

Shareholders have the opportunity at each AGM to vote on the appointment of the auditor for the forthcoming year.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the whole Board and is chaired by Peter Wolton. Terms of reference are in place, which include reviewing the Board, succession planning, appointments, appraisal, training and remuneration policy. Further details of the latter are provided in the Directors' Remuneration Report on page 30.

Using questionnaires and discussion, the Committee has undertaken the annual appraisal of the Chairman of the Board as well as performance evaluation and review of the Board as a whole. A list of skills and expertise required by the Board has been agreed by the Board and is kept under review. The Committee has also reviewed the Chairman's and Directors' other commitments, and the Committee is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. As part of the Directors' evaluation process the training needs of Directors, if any, were discussed and agreed. It is intended that evaluation of the Board will be externally facilitated every three years and given the last one was carried out in 2012/13, the next externally facilitated Board evaluation will be carried out in 2016.

Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board which reflects a breadth of commercial, professional and industrial experience to complement existing Directors. In considering appointments, the Committee also takes into account the need to have a balance of skills, experience, independence, diversity, including gender, and knowledge of the Company within the Board. However the Committee's overriding priority is to appoint the most appropriate candidates, regardless of gender or other forms of diversity. Therefore, the Committee has not set any measurable objectives in relation to the diversity of the Board. Two of the five Directors are women. The Committee will consider the use of an external search consultant depending on circumstances at the appropriate time and in the case of the most recent appointments, the Committee employed the services of such a consultant.

New Directors appointed to the Board are given a formal induction meeting with the Manager and will be provided with all relevant information regarding their duties as Directors. Consistent with the recommendation of the AIC Code, appropriate training is arranged for new and current Directors where necessary and an appropriate record of this is kept by all Directors.

A Director appointed during the year is required to retire and seek election by shareholders at the next AGM. All Directors are required to submit themselves for re-election at least once every three years. Directors with more than nine years' service will be required to submit themselves for annual re-election. Section B.7.1 of the UK Code requires all directors of FTSE 350 companies be subject to annual election by shareholders. Although the Company is not currently a FTSE 350 company, it would like to comply with the relevant provisions where the Board believes it is in the best interests of shareholders to do so. However in this instance, the Board does not believe the Directors should be subject to annual re-election, not least because it presents the possibility of all Directors being voted off simultaneously which would not be in the best interests of shareholders. The Board believes that three years between re-election is an appropriate period for an investment company and that given compliance is voluntary the Board will retain its current policy. The Board supports the re-election of Mr Carson, Ms Claydon and Mr Macnamara who are due to retire at this year's AGM. As well as being a Chartered Accountant, Mr Carson has an investment background, Ms Claydon has a broad business background with particular knowledge and expertise in financial matters and Mr Macnamara, also a Chartered Accountant has had a long career in investment banking.

There is a procedure for Directors to take independent professional advice, if necessary, at the Company's expense.

Management Engagement Committee

The Board has appointed a Management Engagement Committee of which all of the Directors are members and is chaired by Elisabeth Scott. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Committee also keeps the resources of the Manager under review. The Committee believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

In the opinion of the Board, Aberdeen Asset Management Group has the secretarial, marketing and administrative skills required for the effective operation and administration of the Company. Furthermore, the Board remains satisfied that the Manager's investment screening processes are thorough and robust and it employs a well resourced team of skilled and experienced fund managers.

The current investment management team have been in place since the 2009/10 financial year. Since then the Company's performance has been satisfactory and the revenue account has improved allowing the Board to recommend an increased dividend. The Board therefore recommends the continuing appointment of the Manager, on the terms agreed, and believes this to be in the best interests of shareholders.

In addition, the Committee conducts an annual review of the performance, terms and conditions of the main third party suppliers.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. Shareholders and investors may obtain up to date information on the Company through the Company's website and the Manager's information service, and the Company responds to letters from shareholders on a wide range of issues. The Manager has regular meetings with major shareholders and reports to the Board. The Board is available to meet with shareholders as appropriate. The annual report and accounts are widely distributed to other parties who have an interest in the Company's performance.

The notice of AGM included within the annual report and accounts is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and a presentation from the Manager covers the investment performance and strategy during the financial year and the outlook for the year ahead. The Board hopes that as many shareholders as possible will be able to attend the meeting.

Substantial Share Interests

At 31 January 2014 the following had notified the Company as being interested in 3% or more of the Company's Ordinary share capital:

Name of shareholder	Number of Ordinary shares held	% of Ordinary shares held
Aberdeen Investment Trust Savings Plans[A]	35,993,290	23.8
Brewin Dolphin	7,610,785	5.0
AXA S.A.	7,082,054	4.7
DC Thomson & Company Ltd	5,900,000	3.9

[A] Non-beneficial interests

There have been no changes notified in respect of the above holdings, and no new holdings notified, since the end of the year.

Share Capital and Voting Rights

During the year ended 31 January 2014 the Company issued 300,000 shares from treasury. The issued Ordinary share capital at 31 January 2014 consisted of 151,006,187 Ordinary shares of 25p and 2,671,748 Ordinary shares of 25p held in treasury. At the date of this report, these numbers were unchanged.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law).

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to the Manager. The Manager's Corporate Governance Principles can be found on the Manager's website, at http://www.aberdeen-asset.com/aam.nsf/AboutUs/governancestewardship. This document sets out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing. The Manager's Statement of Compliance with the UK Stewardship Code also appears on the Manager's website, at the web address given above.

The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to exercise discretion in the use of the Company's voting rights. The Manager's policy is to vote on all shares held by the Company, and the Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights and discusses with the Manager any issues arising. It is the Board's view that having an active voting policy and a process for the monitoring by the Board of the Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

Socially Responsible Investment Policy

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the

Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective is to deliver superior long-term returns for our shareholders which we believe will be produced on a sustainable basis by investments in companies which adhere to best practice in the area of Corporate Governance. Accordingly, the Manager will seek to favour companies which pursue best practice in the above area.

Directors' Remuneration Report

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

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

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 34.

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

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies.

The Company has five independent non-executive Directors. Directors' remuneration is determined by the Nomination and Remuneration Committee, which is chaired by Peter Wolton and comprises the independent non-executive Directors.

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

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

	31 January 2014 £	31 January 2013 £
Chairman	27,000	27,000
Chairman of Audit Committee	21,000	21,000
Director	18,000	18,000

Each member of the Audit Committee is paid an additional £2,000 per annum, bringing the total annual fees to £29,000 for the Chairman, £23,000 for the Audit Committee Chairman and £20,000 for other Directors.

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter. Directors with more than nine years' service are subject to annual re-election.
- Any Director newly appointed to the Board will receive the fee applicable to each of the other Directors at the time of appointment together with any other fee then currently payable in respect of a specific role which the new Director is to undertake for the Company.
- No incentive or introductory fees will be paid to encourage a person to become a Director.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

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

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

It is intended that, if approved, this Remuneration Policy will take effect at the conclusion of the AGM on 22 May 2014.

Implementation Report

Aggregate Fees Increase

Article 102 of the Company's Articles of Association currently limits the aggregate fees payable to the Board of Directors to a total of £150,000 per annum or such larger amount as the Company may by ordinary resolution determine. A resolution is to be proposed to shareholders at the next AGM to increase the limit on aggregate fees payable to £200,000. The Directors wish to make provision for an expansion in the number of members of the Board to allow for a period of overlap during orderly succession. Accordingly resolution 10, an ordinary resolution, proposes an aggregate figure of £200,000 per annum or such larger amount as the Company may by ordinary resolution determine.

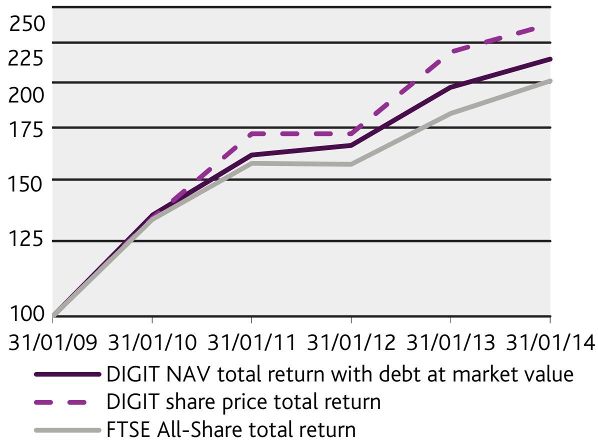
Directors' Fees Increase

The Board carried out a review of the level of Directors' fees during the year and concluded that the amounts (including the £2,000 per annum payable to members of the Audit Committee) should be increased to £31,500, £25,000 and £21,000 for the Chairman, Audit Committee Chairman and remaining Directors respectively, with effect from 1 February 2014. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

Also during the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the five year period to 31 January 2014 (rebased to 100 at 31 January 2009). This Index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.

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



Statement of Voting at General Meeting

At the Company's last AGM, held on 23 May 2013, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 January 2013. 98.83% of votes were in favour of the resolution, 0.78% were against, and 0.39% abstained.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown below.

Audited Information

Fees Payable

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

Director	2014 £	2013 £	Taxable Benefits 2014	Taxable Benefits 2013
John Carson	23,000	22,064	-	-
Catherine Claydon	20,000	20,000	-	-
Rory Macnamara	29,000	27,129	-	-
Elisabeth Scott	20,000	20,000	-	-
Peter Wolton	20,000	20,000		
Total	**112,000**	**109,193**	-	-

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

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 January 2014 and 1 February 2013 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 Jan 2014 Ord 25p	31 Jan 2013 Ord 25p
John Carson	40,000	40,000
Catherine Claydon	4,000	4,000
Rory Macnamara	14,000	4,000
Elisabeth Scott	4,800	4,800
Peter Wolton	22,738	21,940

Mr Wolton's beneficial holding increased to 22,944 Ordinary shares on 4 March 2014. With the exception of this further disclosure, the above interests were unchanged as at the date of this report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I, Peter Wolton, Chairman of the Nomination and Remuneration Committee, confirm that the above Report on Remuneration Policy and Remuneration Implementation Report summarises, as applicable, for the year to 31 January 2014:

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

The Directors' Remuneration Report was approved by the Board of Directors on 21 March 2014 and signed on its behalf by:

Peter Wolton
Director
21 March 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report & Accounts and the financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

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

For and on behalf of Dunedin Income Growth Investment Trust PLC

John Carson
Audit Committee Chairman
21 March 2014

Independent Auditor's Report to the Members of Dunedin Income Growth Investment Trust PLC

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Dunedin Income Growth Investment Trust PLC for the year ended 31 January 2014 set out on pages 36 to 53. In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2014 and of its return for the year then ended;
- have been properly prepared in accordance with UK Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

Carrying amount of quoted equity investments (£431m)
Refer to page 26 (Audit Committee section of the Statement of Corporate Governance), page 40 (accounting policy) and pages 44 and 45 (financial disclosures).

The risk: The Company's investment portfolio makes up 98.4% of total assets (by value) and is considered to be the key driver of the Company's capital and revenue performance. We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.

Our response: Our procedures over the existence and valuation of the Company's portfolio included, but were not limited to:
- documenting the processes in place to record investment transactions and to value the portfolio;
- agreeing the valuation of portfolio investments to externally quoted prices; and
- agreeing portfolio investment holdings to independently received third party confirmations.

Our application of materiality and an overview of the scope of our audit

The materiality for the financial statements as a whole was set at £4.4m. This has been determined with reference to a benchmark of Total Assets (of which it represents 1%). Total Assets, which is primarily composed of the Company's investment portfolio, is considered the key driver of the Company's capital and revenue performance and, as such, we consider it to be one of the principal considerations for members of the Company in assessing the financial performance of the Company.

In addition, we applied a materiality of £0.9m to income from investments for which we believe misstatements of lesser amounts than materiality as a whole could be reasonably expected to influence the economic decisions of the members of the Company taken on the basis of the financial statements.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £219,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed at the office of the administrator, BNP Paribas, in Dundee.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

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

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; or
- the Audit Committee section of the Statement of Corporate Governance does not appropriately address matters communicated by us to the Audit Committee.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 21, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 24 to 29 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 33, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Philip Merchant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Edinburgh

21 March 2014

Income Statement

	Notes	Year ended 31 January 2014 Revenue £'000	Capital £'000	Total £'000	Year ended 31 January 2013 Revenue £'000	Capital £'000	Total £'000
Gains on investments	9	–	18,040	18,040	–	48,196	48,196
Currency gains		–	–	–	–	115	115
Income	2	20,750	–	20,750	18,866	–	18,866
Investment management fee	3	(647)	(971)	(1,618)	(565)	(848)	(1,413)
Administrative expenses	4	(787)	–	(787)	(757)	–	(757)
Net return before finance costs and taxation		19,316	17,069	36,385	17,544	47,463	65,007
Finance costs	5	(972)	(1,457)	(2,429)	(969)	(1,450)	(2,419)
Return on ordinary activities before taxation		18,344	15,612	33,956	16,575	46,013	62,588
Taxation	6	(411)	–	(411)	(341)	–	(341)
Return on ordinary activities after taxation		**17,933**	**15,612**	**33,545**	**16,234**	**46,013**	**62,247**
Return per Ordinary share (pence)	8	**11.89**	**10.35**	**22.24**	**10.77**	**30.53**	**41.30**

The column of this statement headed "Total" represents the profit and loss account of the Company.

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement.

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

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

Balance Sheet

	Notes	As at 31 January 2014 £'000	As at 31 January 2013 £'000
Non-current assets			
Investments at fair value through profit or loss	9	431,223	416,868
Current assets			
Loans and receivables	10	763	866
Cash and short term deposits	17	6,377	3,102
		7,140	3,968
Creditors: amounts falling due within one year			
Bank loan	11	(5,000)	(5,000)
Other creditors	11	(1,305)	(1,712)
		(6,305)	(6,712)
Net current assets/(liabilities)		835	(2,744)
Total assets less current liabilities		432,058	414,124
Creditors: amounts falling due after more than one year	12	(28,532)	(28,519)
Net assets		**403,526**	**385,605**
Capital and reserves			
Called-up share capital	13	38,419	38,419
Share premium account		4,619	4,543
Capital redemption reserve		1,606	1,606
Capital reserve	14	337,491	321,142
Revenue reserve		21,391	19,895
Equity shareholders' funds		**403,526**	**385,605**
Adjusted net asset value per Ordinary share (pence)	18	**267.17**	**255.82**

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2014 and were signed on its behalf by:

Rory Macnamara
Director

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

Reconciliation of Movements in Shareholders' Funds

For the year ended 31 January 2014

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2013		38,419	4,543	1,606	321,142	19,895	385,605
Return on ordinary activities after taxation		–	–	–	15,612	17,933	33,545
Issue of Ordinary shares		–	76	–	737	–	813
Dividends paid	7	–	–	–	–	(16,437)	(16,437)
Balance at 31 January 2014		**38,419**	**4,619**	**1,606**	**337,491**	**21,391**	**403,526**

For the year ended 31 January 2013

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2012		38,419	4,543	1,606	275,129	21,583	341,280
Return on ordinary activities after taxation		–	–	–	46,013	16,234	62,247
Dividends paid	7	–	–	–	–	(17,922)	(17,922)
Balance at 31 January 2013		**38,419**	**4,543**	**1,606**	**321,142**	**19,895**	**385,605**

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

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

Cash Flow Statement

	Notes	Year ended 31 January 2014 £'000	£'000	Year ended 31 January 2013 £'000	£'000
Net cash inflow from operating activities	15		18,054		17,654
Servicing of finance					
Interest paid			(2,429)		(2,373)
Taxation					
Overseas withholding tax paid			(411)		(341)
Financial investment					
Purchases of investments		(31,472)		(44,388)	
Sales of investments		35,157		46,467	
Net cash inflow from financial investment			3,685		2,079
Equity dividends paid	7		(16,437)		(17,922)
Net cash inflow/(outflow) before financing			2,462		(903)
Financing					
Issue of Ordinary shares			813		–
Net cash inflow from financing			813		–
Increase/(decrease) in cash			**3,275**		**(903)**
Reconciliation of net cash flow to movements in net debt					
Increase/(decrease) in cash as above			3,275		(903)
Exchange movements			–		115
Non-cash movements			(13)		(13)
Movement in net debt in the period			3,262		(801)
Opening net debt			(30,417)		(29,616)
Closing net debt			**(27,155)**		**(30,417)**

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

Notes to the Financial Statements For the year ended 31 January 2014

1. Accounting policies

(a) Basis of preparation and going concern

The financial statements have been prepared under the historical cost convention, as modified to include the revaluation of investments and traded options, and in accordance with the applicable UK Accounting Standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 21.

The financial statements and the net asset value per share figures have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP).

(b) Revenue, expenses and interest payable

Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on AAA rated money market funds and short term deposits and expenses are accounted for on an accruals basis. Income from underwriting commission is recognised as earned. Interest payable is calculated on an effective yield basis.

Expenses are charged to capital when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs including the amortisation of expenses and premium related to the debenture issue are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long-term in the form of revenue and capital respectively (see note 3).

Stock lending income is recognised on an accruals basis.

(c) Investments

Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE All-Share and the most liquid AIM constituents. Gains or losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Income Statement.

(d) Dividends payable

Interim and final dividends are recognised in the period in which they are paid.

(e) Capital reserves

Gains or losses on disposal of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve.

The Ordinary share capital on the Balance Sheet relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Owing to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Foreign currency

The Company receives a proportion of its investment income in foreign currency. These amounts are translated at the rate ruling on the date of receipt. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Balance Sheet date.

(h) Traded options

The Company may enter into certain derivatives (e.g. options). Option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value. The initial fair value is based on the initial premium, which is recognised upfront. The premium received and fair value changes in the open position which occur due to the movement in underlying securities are recognised in the revenue column, losses realised on the exercise of the contracts are recorded in the capital column of the Income Statement.

In addition, the Company may enter into derivative contracts to manage market risk and gains or losses arising on such contracts are recorded in the capital column of the Income Statement.

(i) Borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

2. Income	2014 £'000	2013 £'000
Income from investments		
UK listed – franked	13,038	12,708
Overseas listed	4,146	3,641
Stock dividends	1,607	966
	18,791	17,315
Other income		
Deposit interest	1	1
Income on derivatives	1,934	1,508
Income from stock lending	24	42
	1,959	1,551
Total income	**20,750**	**18,866**

During the year, the Company was entitled to premiums totalling £1,934,000 (2013 – £1,508,000) in exchange for entering into derivative transactions. This figure includes a mark to market on derivative contracts open at each year end. Derivatives utilised were based on individual FTSE 100 stocks and FT 500 World's largest companies. At the year end there were 7 open positions, valued at a liability of £321,000 (2013 – liability of £810,000) as disclosed in note 11. Losses realised on the exercise of derivative transactions are disclosed in note 9.

3. Investment management fee	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Investment management fee	647	971	1,618	565	848	1,413

The management fee paid to Aberdeen Asset Managers Limited (the "Manager") for the year ended 31 January 2014 is calculated, on a monthly basis, at 0.45% on the first £225 million, 0.35% on the next £200 million and 0.25% on amounts over £425 million per annum of the net assets of the Company, with debt at par and excluding commonly managed funds. The management fee is chargeable 40% to revenue and 60% to capital. There were no commonly managed funds held in the portfolio during the year to 31 January 2014 (2013 – none).

4. Administrative expenses	2014 £'000	2013 £'000
Directors' fees	112	119
Auditor's remuneration (excluding irrecoverable VAT):		
• fees payable to the Company's auditor for the audit of the Company's annual accounts	17	16
• fees payable to the Company's auditor for other services		
• interim review	5	5
• other services	1	1
Investor Relations/Marketing	346	313
Registrar's fees	42	41
Share plan fees	57	48
Printing and postage	47	44
Other expenses	160	170
	787	**757**

A payment of £346,000 (2013 – £313,000) was made to the Manager in respect of marketing and promotion of the Company.

All of the expenses above, with the exception of auditor's remuneration, include irrecoverable VAT where applicable. The VAT charged on the auditor's remuneration is disclosed within other expenses

5. Finance costs	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Bank loan interest	66	98	164	61	91	152
Debenture Stock – repayable after 5 years	901	1,351	2,252	901	1,351	2,252
Amortised Debenture Stock premium and issue expenses	5	8	13	5	8	13
Bank overdraft interest	–	–	–	2	–	2
	972	**1,457**	**2,429**	**969**	**1,450**	**2,419**

Finance costs are chargeable 40% to revenue and 60% to capital.

6. Taxation	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
(a) Analysis of charge for the year						
Overseas tax suffered	537	–	537	452	–	452
Overseas tax reclaimable	(126)	–	(126)	(111)	–	(111)
Current tax charge for the year	**411**	–	**411**	**341**	–	**341**

(b) Factors affecting the tax charge for the year

The UK corporation tax rate was 24% until 31 March 2013 and 23% from 1 April 2013, giving an effective rate for the year 23.17% (2013 – effective rate of 24.33%). The tax assessed for the year is lower than the rate of corporation tax. The differences are explained below:

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Return on ordinary activities before taxation	18,344	15,612	33,956	16,575	46,013	62,588
Corporation tax at 23.17% (2013 – 24.33%)	4,250	3,617	7,867	4,033	11,195	15,228
Effects of:						
Non-taxable UK dividends	(3,021)	–	(3,021)	(3,092)	–	(3,092)
Non-taxable stock dividends	(372)	–	(372)	(235)	–	(235)
Capital gains on investments not taxable	–	(4,180)	(4,180)	–	(11,726)	(11,726)
Overseas taxes	411	–	411	341	–	341
Non-taxable overseas dividends	(885)	–	(885)	(760)	–	(760)
Excess management expenses	28	563	591	54	559	613
Capital gain on exchange movements not allowable	–	–	–	–	(28)	(28)
Current tax charge	**411**	–	**411**	**341**	–	**341**

(c) Factors that may affect future tax charges

At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £110,499,000 (2013 – £107,987,000). A deferred tax asset in respect of this has not been recognised and these expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

7. Dividends	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders in the period:		
Third interim dividend for the year ended 31 January 2013 – 2.50p (2013 – nil) paid 28 February 2013	3,767	–
Final dividend for the year ended 31 January 2013 – 2.50p (2013 – 6.90p) paid 31 May 2013	4,898	10,399
First interim dividend for the year ended 31 January 2014 – 2.575p (2013 – 2.50p) paid 30 August 2013	3,886	3,768
Second interim dividend for the year ended 31 January 2014 – 2.575p (2013 – 2.50p) paid 29 November 2013	3,886	3,768
Return of unclaimed dividends	–	(13)
Dividends paid in the period	**16,437**	**17,922**

A third interim dividend was declared on 14 January 2014 with an ex date of 5 February 2014. This dividend of 2.575p was paid on 28 February 2014 and has not been included as a liability in these financial statements.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £17,933,000 (2013 – £16,234,000).

	2014 £'000	2013 £'000
First interim dividend for the year ended 31 January 2014 – 2.575p (2013 – 2.50p)	3,886	3,768
Second interim dividend for the year ended 31 January 2014 – 2.575p (2013 – 2.50p)	3,886	3,768
Third interim dividend for the year ended 31 January 2014 – 2.575p (2013 – 2.50p)	3,888	3,768
Proposed final dividend for the year ended 31 January 2014 – 3.375p (2013 – 3.25p)	5,096	4,898
	16,756	**16,202**

There have been no shares issued or bought back since the year end and the proposed final dividend for 2014 is based on the latest share capital of 151,006,187 Ordinary shares.

8.		2014		2013	
	Return per Ordinary share	£'000	p	£'000	p
	Revenue return	17,933	11.89	16,234	10.77
	Capital return	15,612	10.35	46,013	30.53
	Total return	**33,545**	**22.24**	**62,247**	**41.30**
	Weighted average number of Ordinary shares in issue		**150,867,283**		**150,706,187**

9.	**Investments: listed at fair value through profit or loss**	Listed 2014 £'000	Listed 2013 £'000
	Opening fair value	416,868	370,711
	Opening investment holding gains	(96,437)	(54,647)
	Opening book cost	320,431	316,064
	Purchases at cost	31,472	42,843
	Sales – proceeds	(35,157)	(44,882)
	Sales – realised gains[A]	5,864	6,406
	Closing book cost	322,610	320,431
	Closing investment holdings gains	108,613	96,437
	Closing fair value	**431,223**	**416,868**

Gains on investments	2014 £'000	2013 £'000
Realised gains on sales[A]	5,864	6,406
Change in investment holdings gains	12,176	41,790
	18,040	**48,196**

[A] Includes losses realised on the exercise of traded options of £2,184,000 (2013 – £1,456,000) offset by premium received of £1,934,000 (2013 – £1,508,000) per note 2.

Transaction costs

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

	2014 £'000	2013 £'000
Purchases	137	152
Sales	34	49
	171	**201**

Stock lending	2014 £'000	2013 £'000
Aggregate value of securities on loan at the year end	9,880	9,298
Maximum aggregate value of securities on loan during the year	16,032	24,786
Fee income from stock lending	**24**	**42**

Stock lending is the temporary transfer of securities by a lender to a borrower, with an agreement by the borrower to return equivalent securities to the lender at an agreed date. Fee income is received for making the investments available to the borrower. The principal risks and rewards, namely the market movements in share prices and associated dividend income are retained by the Company. In all cases the securities lent continue to be recognised on the Balance Sheet.

All stocks lent under these arrangements are fully secured against collateral. The value of the collateral held at 31 January 2014 was £10,692,000 (2013 – £9,771,000) which comprised government stocks.

10. Debtors: amounts falling due within one year	2014 £'000	2013 £'000
Net dividends and interest receivable	589	570
Tax recoverable	153	263
Other loans and receivables	21	33
	763	**866**

11. Creditors: amounts falling due within one year

(a) Bank loan

The Company has an agreement (which expires 17 July 2015) with Royal Bank of Scotland to provide a loan facility for up to £30,000,000 (2013 – £20,000,000). At 31 January 2014 £5,000,000 (2013 – £5,000,000) was drawn down at a rate of 1.43188%. On 21 February 2014 the £5,000,000 drawn down was repaid in full and €6,100,000 was drawn down until 21 March 2014 at a rate of 1.14714%. The terms of the loan facility contain covenants that gross borrowings should not exceed 30% of adjusted assets and that the minimum net assets of the Company are £200,000,000.

Notes to the Financial Statements continued

(b) Other creditors	2014 £'000	2013 £'000
Debenture Stock and bank loan interest	589	602
Traded option contracts	321	810
Sundry creditors	395	300
	1,305	**1,712**

12. Creditors: amounts falling due after more than one year	2014 £'000	2013 £'000
7⅞% Debenture Stock 2019 (issued in 1997)	28,600	28,600
Unamortised Debenture Stock premium and issue expenses	(68)	(81)
Amortised cost of Debenture Stock	**28,532**	**28,519**

The 7⅞% Debenture Stock is due to be redeemed at par on 30 April 2019 and interest is payable in half-yearly instalments in April and October. The Debenture Stock is secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Debenture Stock Trust Deed that total borrowings should not be greater than adjusted capital and reserves throughout the year and up to the date this report was signed.

The market value of the Debenture Stock as at 31 January 2014 was £35,904,000 (2013 – £35,124,000), the value being calculated per the disclosure in note 19. The effect on the net asset value of deducting the Debenture Stock at market value rather than at par is disclosed in note 18.

13. Called-up share capital	2014 £'000	2013 £'000
Allotted, called up and fully paid:		
151,006,187 (2013 – 150,706,187) Ordinary shares of 25p each – equity	37,751	37,676
Treasury shares:		
2,671,748 (2013 – 2,971,748) Ordinary shares of 25p each – equity	668	743
	38,419	**38,419**

During the year 300,000 Ordinary shares were sold from the Treasury account (2013 – nil). All of these shares were sold at a premium to net asset value. The issue price ranged from 270.0p to 273.3p and raised £813,000 net of expenses.

14. Capital reserve	2014 £'000	2013 £'000
At 31 January 2013	321,142	275,129
Net gains on sales of investments during the year	5,864	6,406
Movement in investment holdings gains during the year	12,176	41,790
Currency gains	–	115
Issue of Ordinary shares	737	–
Finance costs of borrowings (note 5)	(1,457)	(1,450)
Investment management fee	(971)	(848)
At 31 January 2014	**337,491**	**321,142**

Included in the total above are investment holdings gains at the year end of £108,613,000 (2013 – £96,437,000).

15. Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities	2014 £'000	2013 £'000
Net return on ordinary activities before finance costs and taxation	36,385	65,007
Adjustment for:		
Gains on investments	(18,040)	(48,196)
Currency gains	–	(115)
(Increase)/decrease in accrued income	(19)	528
Decrease/(increase) in other debtors	122	(92)
(Decrease)/increase in other creditors	(394)	522
	18,054	**17,654**

16. Analysis of changes in financing during the year	Equity share capital (including premium) 2014 £'000	Debenture stock 2014 £'000	Equity share capital (including premium) 2013 £'000	Debenture stock 2013 £'000
Opening balance at 31 January 2013	42,962	28,519	42,962	28,506
Share Premium on treasury share issues	76	–	–	–
Movement in unamortised Debenture Stock discount and issue expenses	–	13	–	13
Closing balance at 31 January 2014	**43,038**	**28,532**	**42,962**	**28,519**

The Ordinary share capital on the Balance Sheet relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, should a transfer be made to the capital redemption reserve.

17. Analysis of changes in net debt	At 31 January 2013 £'000	Cash flow £'000	Amortisation of issue expenses and premium £'000	At 31 January 2014 £'000
Cash and short term deposits	3,102	3,275	–	6,377
Debt due within one year	(5,000)	–	–	(5,000)
Debt due after more than one year	(28,519)	–	(13)	(28,532)
Net debt	**(30,417)**	**3,275**	**(13)**	**(27,155)**

18. Net asset value per share

Equity shareholders' funds have been calculated in accordance with the provisions of Financial Reporting Standard 4 'Capital Instruments'. The analysis of equity shareholders' funds on the face of the Balance Sheet does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the year end, adjusted to reflect the deduction of the Debenture Stock at par. A reconciliation between the two sets of figures is as follows:

	2014	2013
Equity shareholders' funds	£403,526,000	£385,605,000
Adjusted net assets	£403,458,000	£385,524,000
Number of equity shares in issue at year end[A]	151,006,187	150,706,187

[A] Excluding shares held in treasury.

	2014	2013
Equity shareholders' funds per share	267.22p	255.87p
Less: unamortised Debenture Stock premium and issue expenses	(0.05p)	(0.05p)
Adjusted net asset value per share	**267.17p**	**255.82p**

The net asset value per share at 31 January 2014, adjusted to include the Debenture Stock at market value rather than at par is 262.34p (2013 – 251.48p).

The movements during the year of the assets attributable to the Ordinary shares were as follows:

	2014 £'000	2013 £'000
Opening adjusted net assets	385,524	341,186
Capital return for the year	15,612	46,013
Revenue on ordinary activities after taxation	17,933	16,234
Dividends appropriated in the year	(16,437)	(17,922)
Issue of Ordinary shares	813	–
Movement in unamortised Debenture Stock premium and issue expenses	13	13
Closing adjusted net assets	**403,458**	**385,524**

19. Financial instruments

The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts and futures and options for the purpose of managing currency and market risks arising from the Company's activities.

During the year, the Company entered into certain derivative contracts. Positions closed during the year realised a loss of £2,184,000 (2013 – £1,456,000). As disclosed in note 2, the premium received and fair value changes in respect of options written in the year was £1,934,000 (2013 – £1,508,000). The largest position in derivative contracts held during the year at any given time was £993,000 (2013 – £1,426,000). The Company had 7 open positions in derivative contracts at 31 January 2014 valued at a liability of £321,000 (2013 – £810,000) as disclosed in note 11.

Risk management

The Manager has a dedicated investment management process, which ensures that the investment policy explained on page 2 is followed. Stock selection procedures are in place based on active portfolio management and identification of stocks. The portfolio is reviewed on a daily basis by a Senior Investment Manager and regularly by the Manager's Investment Committee.

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

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

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

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

(i) Market risk

Market risk comprises three elements – interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits; and
- interest payable on the Company's variable rate borrowings.

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest risk profile

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

At 31 January 2014	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	–	–	–	6,377
Total assets	–	–	–	**6,377**
Liabilities				
Bank loans	0.08	1.43	(5,000)	–
Debenture Stock	5.25	7.87	(28,532)	–
Total liabilities	–	–	**(33,532)**	–

At 31 January 2013	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	–	–	–	3,103
Total assets	–	–	–	**3,103**
Liabilities				
Bank loans	0.08	1.60	(5,000)	–
Debenture Stock	6.25	7.87	(28,519)	–
Total liabilities	–	–	**(33,519)**	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Company's borrowings are shown in notes 11 and 12 to the financial statements.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The Company's equity portfolio and short-term debtors and creditors (excluding bank loans) have been excluded from the above tables. All financial liabilities are measured at amortised cost.

Interest rate sensitivity

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

Foreign currency risk

A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently the Balance Sheet can be affected by movements in exchange rates and it is the Company's policy not to hedge this risk.

The revenue account is subject to currency fluctuations arising on dividends received in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 January 2014			31 January 2013		
	Investments £'000	Net monetary assets £'000	Total currency exposure £'000	Investments £'000	Net monetary assets £'000	Total currency exposure £'000
Euro	50,713	203	50,916	48,550	334	48,884
Swiss Francs	29,141	95	29,236	26,725	98	26,823
US Dollar	–	2	2	–	2	2
Sterling	351,369	(27,997)	323,372	341,593	(31,697)	309,896
Total	**431,223**	**(27,697)**	**403,526**	**416,868**	**(31,263)**	**385,605**

The asset allocation between specific markets can vary from time to time based on the Manager's opinion of the attractiveness of the individual stocks in these markets.

Foreign currency sensitivity

There is no sensitivity analysis included as the Board believes the amount exposed to foreign currency denominated monetary assets to be immaterial. Where the Company's equity investments (which are non-monetary items) are priced in a foreign currency, they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Other price risk

Other price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments and traded options.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. Both the allocation of assets and the stock selection process, as detailed on page 2, act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges in the UK and Europe.

Other price risk sensitivity

If market prices at the Balance Sheet date had been 10% higher while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2014 would have increased by £43,122,000 (2013 – increase of £41,686,000) and equity reserves would have increased by the same amount. Had market prices been 10% lower the converse would apply.

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise Debenture Stock and a revolving facility. The Debenture Stock provides secure long-term funding while short term flexibility is achieved through the borrowing facility. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of less than 30% at all times. Details of borrowings at 31 January 2014 are shown in notes 11 and 12.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and listed securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities, details of which can be found in note 11. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the interest rate risk section of this note.

Liquidity risk exposure

At 31 January 2014 and 31 January 2013 the amortised cost of the Company's Debenture Stock was £28,532,000 and £28,519,000 respectively. This is due to be redeemed at par on 30 April 2019. At both 31 January 2014 and 31 January 2013 the Company's bank loans amounted to £5,000,000. The facility is committed until 17 July 2015.

(iii) Credit risk

This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

The Company considers credit risk not to be significant as it is actively managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;
- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;
- the risk of counterparty exposure due to stock lending is mitigated by the review of collateral positions provided daily by the various counterparties involved;
- cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

The Company participates in stock lending activities.

There are internal exposure limits to cash balances placed with counterparties. The credit worthiness of counterparties is also reviewed on a regular basis.

Under the terms of the stock lending agreement, all loans are backed by collateral (cash, near cash, government and public securities, certificates of deposit, letter of credit and UK equities) equal to or greater than 105% of the market value (as calculated daily on each business day) of the securities on loan.

With the exception of securities on loan referred to in note 9, none of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk exposure

In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 January was as follows:

	2014		2013	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Current assets				
Debtors and prepayments	763	763	866	866
Cash and short term deposits	6,377	6,377	3,102	3,102
	7,140	**7,140**	**3,968**	**3,968**

None of the Company's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities

The fair value of borrowings has been calculated at £40,904,000 as at 31 January 2014 (2013 – £40,124,000) compared to an accounts value in the financial statements of £33,600,000 (2013 – £33,600,000) (notes 11 and 12). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Balance Sheet at fair value.

20. Fair value hierarchy

FRS 29 'Financial Instruments: Disclosures' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

As at 31 January 2014	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	431,223	–	–	431,223
Financial liabilities at fair value through profit or loss					
Derivatives	b)	(288)	(33)	–	(321)
		430,935	**(33)**	**–**	**430,902**

As at 31 January 2013	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	416,868	–	–	416,868
Financial liabilities at fair value through profit or loss					
Derivatives	b)	(771)	(39)	–	(810)
		416,097	**(39)**	–	**416,058**

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) Derivatives

The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis and therefore has been classed as Level 1.

The fair value of the Company's investments in Over the Counter Options (where the underlying equities are also held) has been determined using observable market inputs other than quoted prices of the underlying equities (which are included within Level 1) and therefore determined as Level 2.

21. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the return to its equity shareholders through an appropriate balance of equity capital and debt.

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Board monitors and reviews the broad structure of the Company's capital. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company is not subject to any externally imposed capital requirements.

Information about the Manager

The Company's Manager is Aberdeen Asset Managers Limited ("AAM"), a wholly-owned subsidiary of Aberdeen Asset Management PLC ("Aberdeen"), whose Group companies as at 31 January 2014 managed a combined £185.6 billion of funds for UK institutions, investment trusts, closed end funds, unit trusts, private clients and offshore funds. It has its headquarters in Aberdeen with principal investment offices in Edinburgh, Hong Kong, London, Philadelphia, Singapore and Sydney.

The Group manages over 34 investment trusts and other closed-end funds representing £12.9 billion under management.

The Investment Team Senior Managers

Jeremy Whitley

Head of UK and European Equities

Jeremy was appointed head of UK and European equities in July 2009. Previous roles at Aberdeen include senior investment manager on the global equities desk as well as on the Asian equities desk based in Singapore. He graduated with an MA in English and Art History from the University of St Andrews and an MBA from the University of Edinburgh.

Ben Ritchie

Senior Investment Manager

Ben is an investment manager on Aberdeen's Pan European equities team and joined Aberdeen in 2002 as a graduate trainee. Ben has a BA (Hons) in Modern History and Politics from Pembroke College, University of Oxford, and is a CFA charterholder.

The Investment Process

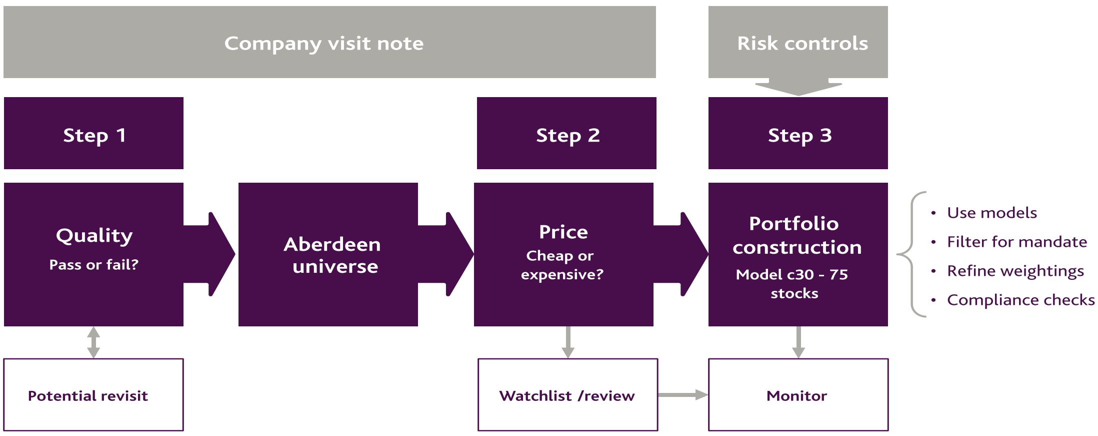
Philosophy and Style

The Manager's investment philosophy is that markets are not always efficient. We (AAM) believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

We seek to minimise risk by our in depth research. We do not view divergence from a benchmark as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

AAM's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool



Marketing Strategy

Dunedin Income Growth Investment Trust PLC contributes to the marketing programme run by Aberdeen Asset Managers Limited ("Aberdeen") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by Aberdeen. This contribution is reviewed annually.

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

These aims can be met in several ways:

Investor Relations Programme

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

Group Schemes

The Aberdeen Group administers several savings schemes including the Share Plan, ISA and the Children's Plan. These schemes allow investment at lower costs and have proved popular with private investors.

Direct Response Advertising

Aberdeen advertise the packaged product availability of the Company in the specialist financial press.

Direct Mail

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

Newsletter

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

Public Relations

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

Shareholder Services

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

Internet

The Company has its own dedicated website at: www.dunedinincomegrowth.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

The Company is committed to the close monitoring of the Marketing Programme. The Group Head of Brand reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, the Manager or performance, please telephone Aberdeen's Investor Services Department on 0500 00 00 40. Alternatively, internet users may e-mail us at inv.trusts@aberdeen-asset.com or write to us at Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex, CM99 2DB.

How to Invest in Dunedin Income Growth Investment Trust PLC

Direct

Investors can buy and sell shares in Dunedin Income Growth Investment 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 shares are designed for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in equity markets 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 the shares issued by Dunedin Income Growth Investment Trust PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products (NMPIs) and intends to continue to do so for the foreseeable future.

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

Aberdeen's Investment Plan for Children

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

Aberdeen runs a Share Plan (the "Plan") through which shares in Dunedin Income Growth Investment 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. 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 Aberdeen in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £11,880 can be made from 6 April to 30 June 2014 through the Aberdeen Investment Trust ISA. From 1 July 2014 the annual ISA limit increases to £15,000.

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

ISA Transfer

Investors can choose to transfer previous tax year investments to Aberdeen which can be invested in Dunedin Income Growth Investment Trust PLC while retaining their 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. Stockmarket 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.

Trust Information

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

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

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

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

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times.

For internet users, detailed data on Dunedin Income Growth Investment Trust PLC, including price, performance information and a monthly fact sheet is available from the Company's website (www.dunedinincomegrowth.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively please call 0500 00 00 40 for trust information.

For further information concerning any direct shareholding, please contact the Company's registrars:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder helpline numbers:
Tel. 0871 384 2441
Fax 0871 384 2100
Shareview enquiry line: 0871 384 2233
Textel/hard of hearing line: 0871 384 2255

(Calls to the above Equiniti numbers will be charged at 8 pence per minute plus network extras. Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday excluding bank holidays).

Overseas helpline number: +44 121 415 7047

Literature Request Service

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

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

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

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

For information on the Pension Plan, please contact

Capita SIP Services
141 Castle Street
Salisbury
Wiltshire SP1 3TB
Telephone: 0800 13 70 79

Investor Warning

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

These callers do not work for Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, please do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided.

The above information on pages 56 to 57 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms and Definitions

Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Net Asset Value ("NAV")	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.
Ongoing charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
Total Assets	Total Assets less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Dunedin Income Growth Investment Trust PLC (the "Company") will be held at Bow Bells House, 1 Bread Street, London, EC4M 9HH on Thursday, 22 May 2014 at 12 noon, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11 inclusive will be proposed as ordinary resolutions (resolution 10 is special business) and resolutions 12 to 13 will be proposed as special resolutions:

1. To receive the reports of the Directors and auditor and the accounts for the year ended 31 January 2014.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy).
3. To receive and adopt the Directors' Remuneration Policy.
4. To approve a final dividend of 3.375p on the Ordinary shares.
5. To re-elect Mr John Carson as a Director of the Company.
6. To re-elect Ms Catherine Claydon as a Director of the Company.
7. To re-elect Mr Rory Macnamara as a Director of the Company.
8. That KPMG LLP be and are hereby appointed auditor of the Company and will hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
9. To authorise the Directors to fix the remuneration of the auditor for the year to 31 January 2015.
10. That Article 102 of the Articles of Association of the Company, concerning the aggregate fees payable to Directors, be amended by substituting "£200,000" for "£150,000".
11. That, in substitution for any existing authority under Section 551 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (such shares and rights together being "relevant securities") up to an aggregate nominal amount of £12,582,591 provided that such authorisation expires (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company in 2015 or on 31 July 2015 (whichever is earlier) save that the Company may, at any time prior to the expiry of such authority, make offers or agreements which would or might require such relevant securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.
12. That, subject to the passing of resolution number 11 set out above and in substitution for any existing power under Sections 570 and 573 of the Companies Act 2006 ("the Act") but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Directors be and are hereby generally empowered, pursuant to Sections 570 and 573 of the Act, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred on them by resolution number 11 or by way of a sale of treasury shares (within the meaning of Section 560(3) of the Act) as if Section 561(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

    (i) (otherwise than pursuant to sub-paragraph (ii) below) up to an aggregate nominal value of £1,887,577; and

    (ii) in connection with an offer of such equity securities by way of rights issue, open offer or other pre-emptive offer in favour of all holders of Ordinary shares where the equity securities respectively attributable to the interests of all such holders are either proportionate (as nearly as may be) to the respective number of Ordinary shares held by them on a record date fixed by the Directors (subject to such exclusions, limitations, restrictions or other arrangements as the Directors consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever);

    and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company in 2015, or on 31 July 2015 (whichever is earlier), save that the Company may, at any time prior to the expiry of such authority, make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may make such offers or agreements as if such expiry had not occurred.

13. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the passing of this resolution, the Company be and is hereby generally and unconditionally authorised, for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") on such terms as the Directors of the Company think fit provided that:

    (i) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be an aggregate of 22,635,827 Ordinary shares, or if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
    (ii) the minimum price which may be paid for an Ordinary share shall be 25p (exclusive of expenses);
    (iii) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
        (a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date of purchase; and
        (b) the higher of the price of the last independent trade in Ordinary shares and the highest current independent bid for Ordinary shares on the London Stock Exchange; and
    (iv) unless previously varied, revoked or renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or on 31 July 2015 (whichever is the earlier) save that the Company may at any time prior to such expiry, enter into a contract or arrangement to purchase Ordinary shares under this authority which will or might be completed or executed wholly or partly after the expiration of this authority and may make a purchase of shares pursuant to any such contract or arrangement.

2 April 2014
Registered office: 7th Floor, 40 Princes Street
Edinburgh EH2 2BY

By order of the Board
Aberdeen Asset Management PLC
Secretary

Notes:

(i) A member entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise the rights attached to any one share. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Equiniti Limited on 0871 384 2441 (calls to this number cost 8 pence per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday), tel international +44 121 415 7047. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he/she is the holder.

(ii) A form of proxy is enclosed. To be valid, any proxy form or other instrument of proxy and any power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting.

(iii) The return of a completed proxy form or other such instrument of proxy will not prevent a member attending the Annual General Meeting and voting in person if he/she wishes to do so.

(iv) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. CREST personal members or other CREST sponsored members, and those

CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) no later than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(vi) CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(viii) The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

(ix) The right to vote at a meeting is determined by reference to the Company's register of members as at 6.00 p.m. on 20 May 2014 or if this meeting is adjourned, at 6.00 p.m. on the day two days (excluding non-working days) prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.

(x) As at 21 March 2014 (being the latest practicable date prior to the publication of this document) the Company's issued share capital comprised 151,006,187 ordinary shares of 25p each. Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 21 March 2014 was 151,006,187.

(xi) Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the meeting as his proxy will need to ensure that both he and his proxy complies with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

(xii) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) to (iii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(xiii) Biographical details of the Directors standing for election and re-election are set out on pages 19 to 20 of this report.

(xiv) Members who have general queries about the Annual General Meeting should contact the Company Secretary in writing. Members are advised that any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xv) Members should note that, it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting or any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the

Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

(xvi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xvii) Information regarding the Annual General Meeting is available from the Company's website, www.dunedinincomegrowth.co.uk

(xviii) Pursuant to Section 319A of the Companies Act 2006, as a member, you have the right to put questions at the meeting relating to business being dealt with at the meeting.

(xix) There are special arrangements for holders of shares through the Aberdeen's Investment Plan for Children, Aberdeen's Investment Trust Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

A copy of the current Articles of Association and of the proposed new Articles of Association marked up to show the proposed amendment will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and at the Manager's London office, Bow Bells House, 1 Bread Street, London EC4M 9HH, until the conclusion of the meeting.

Corporate Information and Financial Calendar

Directors

Rory Macnamara, Chairman
John Carson
Catherine Claydon
Elisabeth Scott
Peter Wolton

Manager and Registered Office

Aberdeen Asset Managers Limited
40 Princes Street
Edinburgh EH2 2BY
Telephone: 0131 528 4000

Company Secretary

Aberdeen Asset Management PLC,
40 Princes Street,
Edinburgh
EH2 2BY
Email: company.secretary@invtrusts.co.uk

Company Registration Number: SC000881

Customer Services

Freephone: 0500 00 00 40
(open Monday - Friday 9 a.m. – 5 p.m.)

Email: inv.trusts@aberdeen-asset.com

Stockbroker

J.P.Morgan Securities Limited
25 Bank Street
Canary Wharf
London E14 5JP

Registrar

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Shareholder Helpline: 0871 384 2441

(Calls to the above Equiniti number cost 8 pence per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays).

Overseas helpline number: +44 121 415 7047

Auditor

KPMG Audit Plc*
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Custodian

The Bank of New York Mellon Corporation
One Canada Square
London E14 5AL

Website

www.dunedinincomegrowth.co.uk

AIC Membership

The Company is a member of the Association of Investment Companies ("AIC").

*KPMG LLP effective from 22 May 2014
(subject to shareholder approval)

Financial Calendar

24 March 2014	Announcement of results for year ended 31 January 2014
22 May 2014	Annual General Meeting in London (12 noon)
30 May 2014	Final Ordinary dividend payable for year ended 31 January 2014
29 August 2014 **28 November 2014** **27 February 2015**	Expected payment of interim dividends
29 September 2014	Expected announcement of Half-Yearly Financial Report for six months ending 31 July 2014

Your Company's History

Dunedin Income Growth Investment Trust PLC – a History

The provenance of Dunedin Income Growth Investment Trust PLC goes back to 1873 and to the origins of the investment trust industry in Scotland. In 1873, a 28 year old Robert Fleming (sometimes dubbed the "father of the investment trust industry"), persuaded a group of Dundee's wealthiest investors to back his idea of forming "the first Association in Scotland for investments in American railroad bonds, carefully selected and widely distributed, and where investments would not exceed one-tenth of the capital in any one security". Fleming, who was later founder of the merchant bank that bore this name, showed extraordinary commercial acumen at a very young age. He was born in modest circumstances in Dundee and was first apprenticed as office boy at 13, then rose to become, at 21, book-keeper with the exporting arm of Dundee's largest textile merchant, Edward Baxter & Son.

In 1870, the elderly Mr Baxter sent Robert Fleming to the United States to represent him on business. Fleming returned enthused about the investment opportunities offered by the States, despite the country still suffering from the aftermath of the American Civil War. The "association" proved to be an attractive means for investors to pool their resources, spread risk and put their investments under full-time management. The new Fund, then known as The Scottish American Investment Trust, was launched in 1 February 1873. The Scottish American Investment Trust was partly modelled on the Foreign & Colonial Government Trust that was launched in 1868. Unlike Foreign & Colonial, which purchased overseas government stocks, the new Trust would invest in "The Bonds of States, cities, railroads and other corporations in the US, but chiefly in the mortgage bonds of railroads". John Guild, one of the chairmen, reported "while in this country you could not lend money on first-class railway debentures at over 4% or 4.5%, in America you could get 7% with the best security of this description". Coupled with the fact that railway infrastructure development in the UK had by then become relatively mature, it was for this reason that the United States was an attractive destination for Scottish funds.

The original prospectus described the intended issue of £150,000 in certificates of £100 each, paying interest of 6% per annum. Such was the level of demand that the original prospectus was withdrawn and a new one was printed with a capital issue of £300,000. The Trust started out with 30 stocks, each comprising no more than 30% of the portfolio. Confusingly, a similar sounding investment trust company, launched in Edinburgh, The Scottish American Investment Company was formed in April 1873, just a few months after Fleming's launch in February 1873. In Dundee, two almost identical issues were made in the following two years, described as the "Second Issue" and "Third Issue". The three issues became three separate trust companies, under the Joint Stock Companies Act, in 1879 – the First, Second and Third Scottish American Trust Companies Ltd, but merged into a single trust company in 1969 as The First Scottish American Trust Company Ltd.

In 1984, the First Scottish became part of the Dunedin Fund Managers' stable of trusts and was subsequently renamed in 1990 as Dunedin Income Growth Investment Trust. Dunedin Fund Managers merged with Edinburgh Fund Managers in 1996, which was then acquired by Aberdeen Asset Management in 2003.

Capital History

Issued Share Capital at 31 January 2014

151,006,187	Ordinary shares of 25p (153,677,935 including treasury shares)

Treasury Shares at 31 January 2014

2,671,748	Ordinary shares of 25p

Issued Debenture Stock at 31 January 2014

£28,600,000	7 ⅞% Debenture Stock 2019

Name Change

April 1990	Company name changed from "The First Scottish American Trust PLC" to Dunedin Income Growth Investment Trust PLC

Capital History

February 1997	£30,000,000 7 ⅞% Debenture Stock 2019 issued at £99.783%
April 1997	Capitalisation issue of four Ordinary shares of 25p issued for each existing Ordinary share
April 1999	Reduction of share capital by way of repayment of £840,000 of 3 ½% Preference stock
Year ended 31 January 2004	50,000 Ordinary shares purchased for cancellation
Year ended 31 January 2005	1,950,000 Ordinary shares purchased for cancellation and £400,000 7 ⅞% Debenture Stock 2019 purchased for cancellation
Year ended 31 January 2006	450,000 Ordinary shares purchased for cancellation and 450,000 Ordinary shares purchased to hold in treasury. £1,000,000 7 ⅞% Debenture Stock 2019 purchased for cancellation and £40,000,000 11 ½% Debenture Stock 2016 redeemed
Year ended 31 January 2007	3,231,101 Ordinary shares purchased to hold in treasury
Year ended 31 January 2008	2,237,440 Ordinary shares purchased to hold in treasury, 1,972,800 treasury shares cancelled
Year ended 31 January 2009	1,026,007 Ordinary shares purchased to hold in treasury, 2,000,000 treasury shares cancelled
Year ended 31 January 2010	No shares purchased, cancelled or issued
Year ended 31 January 2011	No shares purchased, cancelled or issued
Year ended 31 January 2012	No shares purchased, cancelled or issued
Year ended 31 January 2013	No shares purchased, cancelled or issued
Year ended 31 January 2014	300,000 shares sold from treasury