

Dunedin Income Growth Investment Trust PLC



Investment objective

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

Benchmark

FTSE All-Share Index total return.

Cumulative performance (%)

	as at 31/01/10	1 month	3 months	6 months	1 year	3 years	5 years ^A
Share Price	177.0p	(2.7)	2.2	13.3	33.8	(23.2)	16.8
NAV ^B	197.0p	(3.1)	4.0	17.9	36.2	(22.0)	6.0
FTSE All-Share		(3.6)	3.6	14.7	33.2	(7.2)	30.2

Discrete performance (%)

Year ending:	31/01/10	31/01/09	31/01/08	31/01/07	31/01/06
Share Price	33.8	(35.5)	(10.9)	26.2	20.5
NAV ^B	36.2	(35.2)	(11.7)	20.9	12.4
FTSE All-Share	33.2	(27.8)	(3.6)	13.2	24.0

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

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

Source: Aberdeen Asset Managers Limited, Factset and Morningstar.

^A The £40m 11.5% 2016 debenture stock was redeemed in August 2005, at a premium over par value of £22.8m.

^B Excluding current year revenue.

Past performance is not a guide to future performance. The value of shares may go down as well as up and an investor may not get back the amount invested.

Fund managers' report

UK equities were weaker during January in common with the majority of markets around the world. Reacting to a variety of negative news flow, the FTSE All-Share Index retreated 3.6% following an initially encouraging start to the month. President Obama's proposed banking reforms caused financial stocks to fall. Renewed fears surrounding Greece's ability to address its ballooning budget deficit emerged and served to destabilise confidence. In addition, steps taken by the Chinese authorities to curb bank lending further fuelled concerns at a time when the sustainability of the global recovery remains firmly in focus. Commodity related stocks were weaker as a result.

The UK continues to lag its peers with the domestic economy officially emerging from recession in the final quarter of 2009 as GDP expanded a sluggish 0.1%. The Monetary Policy Committee opted to maintain the level of quantitative easing at £200 billion and held interest rates at 0.5%, the longer term inflationary implications of which continue to be debated. Economic news flow elsewhere was mixed. US employment data disappointed although the unemployment outlook became more favourable. In Europe, manufacturing indicators improved but the health of the services sector appeared weaker than expected. More generally, despite the huge amount of fiscal and monetary support injected to aid recovery, money supply growth and consumer spending remain weak in many Western economies including the UK. This reflects a cautious lending environment and ongoing de-leveraging to address unsustainably high levels of private sector debt. Improving corporate profitability offers some

Fund managers' report continues overleaf

The risks outlined overleaf relating to gearing and single country market exposure are particularly relevant to this trust but should be read in conjunction with all warnings and comments given.

Twenty largest equity holdings

	%
BP	4.8
HSBC	4.8
British American Tobacco	4.6
Royal Dutch Shell 'B'	4.6
Vodafone	4.3
Centrica	4.2
AstraZeneca	3.9
National Grid	3.3
GlaxoSmithKline	3.1
Prudential	3.0
BHP Billiton	2.7
Standard Chartered	2.7
Unilever	2.4
Aviva	2.2
Rolls-Royce	2.0
Weir	2.0
Cobham	1.9
Land Securities Group	1.9
Arriva	1.8
Provident Financial	1.8
Total	62.0
Total number of investments	71

Sector allocation

	%
Financials	20.1
Oil & Gas	16.3
Consumer Services	14.5
Consumer Goods	12.5
Health Care	8.8
Utilities	8.7
Industrials	7.9
Basic Materials	5.5
Telecommunication Services	4.8
Cash	0.9
Total	100.0

Figures may not add up to 100 due to rounding.

Further information

Private investors 0500 00 00 40

Institutional investors Ian Massie

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Website www.dunedinincomegrowth.co.uk

Receive the factsheet of your choice by email as soon as they are available by registering at www.investments.co.uk/ITemail

All sources (unless indicated): Aberdeen Asset Managers Limited 31 January 2010.

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Fund managers' report – continued

hope but it is unclear whether this will drive investment to sufficient levels to mitigate subdued consumer demand and a looming fiscal squeeze.

In portfolio activity, we took profits following relative outperformance in Millennium & Copthorne, McBride and XP Power. The latter two names have delivered particularly strong capital returns over the past year in common with many of their smaller company peers. Holdings in Holidaybreak and Provident Financial were added to, each of which offers an above-market yield. We wrote puts against Aviva and Vodafone, as well as raising our holding in the latter, and wrote calls against Rolls-Royce and AB Foods. Our focus remains on investing in high quality businesses with attractive prospects and valuations.

Key information

Calendar	
Year end	31 January
Accounts published	March
Dividends paid	May, October
AGM	May
Established	1873
Fund managers	
Jeremy Whitley	
Total expense ratio	
0.7%	
Annual management fee	
0.45% on the first £225m, 0.35% on the next £200m and 0.25% over £425m per annum of the net assets of the Company.	
Discount with debt at par	
10.1%	
Discount with debt at fair value	
9.0%	
Yield	
5.8%	
%	
Gearing^c	10.1
Gearing with debt at market value^c	11.6
Assets	
£m	
Gross	327.3
Short-term borrowings	1.5
7.875% Debenture 2019	28.6
^c Gearing is expressed as a percentage of gross assets, which includes current year revenue, divided by shareholders' funds.	
Capital structure	
Ordinary shares	150,706,187
Treasury shares	2,971,748
Allocation of expenses and interest	
Capital	60%
Revenue	40%
Trading details	
Bloomberg/Epic/Reuters code	DIG
Stockbroker	J.P. Morgan Cazenove
Market makers	SETSmm

Important information

Risk factors you should consider prior to investing:

- In common with most investment companies, investment trusts may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that a relatively small movement, down or up, in the value of a trust's assets will result in a magnified movement, in the same direction, of that NAV.
- The value of shares and the income from them can go down as well as up and you may get back less than the amount invested.
- Past performance is not a guide to the future.
- Exposure to a single country market increases potential volatility.
- There is no guarantee that the market price of shares in the Trust will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of investment trust shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread.

Other Important Information:

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