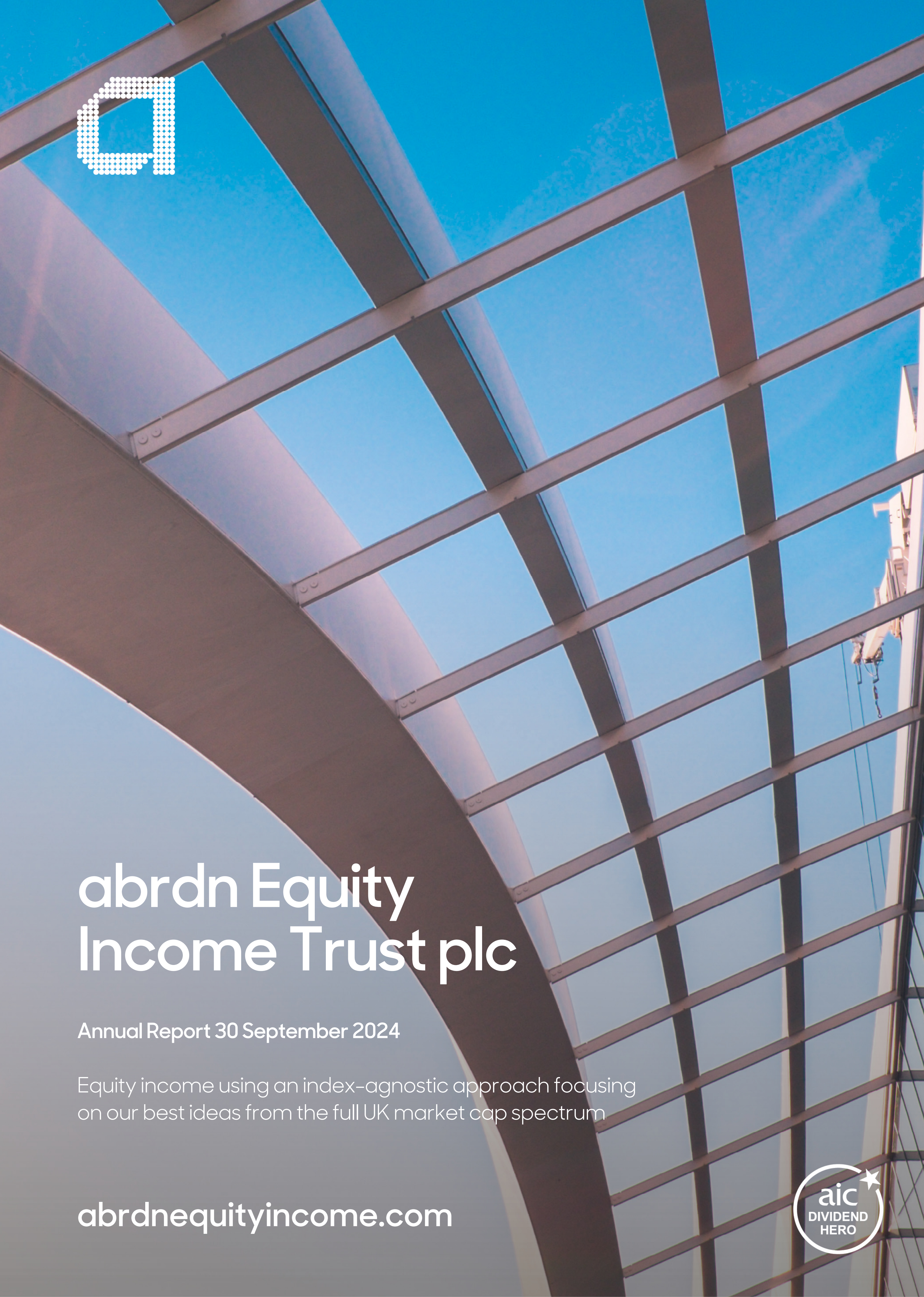

abrdn Equity Income Trust plc

Annual Report 30 September 2024

Equity income using an index-agnostic approach focusing on our best ideas from the full UK market cap spectrum

abrdnequityincome.com

aic DIVIDEND HERO

abrdn Equity Income Trust plc is an "AIC Dividend Hero" – it has increased its dividend for 24 years in a row.

"The portfolio has generated earnings to cover a 24th consecutive year of dividend growth and the Company continues to yield over 7%, well ahead of the market."

Sarika Patel, Chair

"Our focus on income is consistent with our investment process, as we believe cash generative companies that use their cash flow to pay attractive dividends and buy back their own shares can also deliver excellent share price performance."

Thomas Moore,
Senior Investment Director, UK Equities

SCAN ME

Scan the QR Code above to register for email alerts relating to the Company.

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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 financial adviser authorised under the Financial Services and Markets Act 2000 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 abrdn Equity Income 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.

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Performance Highlights

Net asset value total return per Ordinary share[A]

Year ended 30 September 2024

+13.3%

Year ended 30 September 2023 +1.8%

Share price total return per Ordinary share[A]

Year ended 30 September 2024

+10.4%

Year ended 30 September 2023 +11.4%

Revenue return per Ordinary share

Year ended 30 September 2024

23.05p

Year ended 30 September 2023 23.43p

Discount to net asset value[A]

As at 30 September 2024

3.0%

As at 30 September 2023 0.2%

Dividend per Ordinary share

Year ended 30 September 2024

22.90p

Year ended 30 September 2023 22.80p

Ongoing charges ratio[A]

Year ended 30 September 2024

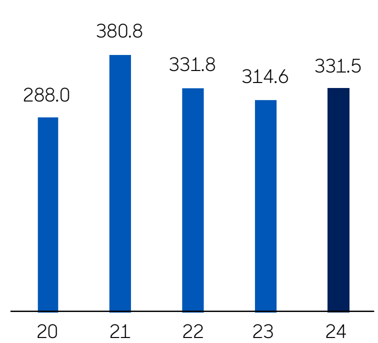
0.86%

Year ended 30 September 2023 0.94%

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 87 to 89.

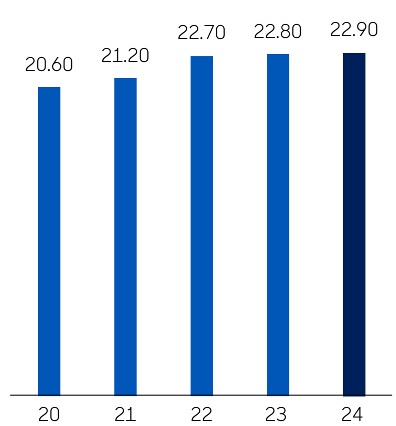
Net asset value per Ordinary share

At 30 September– pence



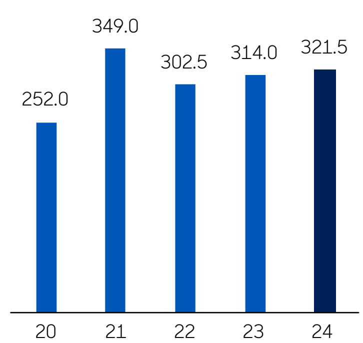
Dividends per share

For the year to 30 September - pence



Share price

At 30 September– pence



Financial Calendar

Pre-Annual General Meeting ("AGM") Online Investor Event	**28 January 2025**
Annual General Meeting (London)	**18 February 2025**
Expected payment dates of interim dividends for year ending 30 September 2025	**March 2025** **June 2025** **September 2025** **January 2026**
Half year end	**31 March 2025**
Expected announcement of results for the six months ending 31 March 2025	**May 2025**
Financial year end	**30 September 2025**
Expected announcement of results for year ending 30 September 2025	**December 2025**

Strategic Report

The Company's objective is to provide shareholders with an above average income from their equity investment, while also providing real growth in capital and income.

The Company offers an actively managed portfolio of UK listed companies. The investment approach is index-agnostic, and the aim is to Focus on Change by evaluating changing corporate situations and identifying insights that are not fully recognised by the market.

Chair's Statement

It has been another eventful year for the financial markets, with a positive response to signs of a soft economic landing offsetting ongoing geopolitical volatility. The UK Retail Price Index ("RPI") fell from 8.9% in September 2023 to 2.7% in September 2024 allowing the Bank of England to cut the base rate for the first time since 2020.

Globally, a key theme for 2024 was that over half the world's population went to the polls, including the UK general election and the selection of the next US president. This inevitably increased the degree of reticence in equity markets as investors opted to wait for any resulting policy changes which could affect the outlook for the economy and equities, before committing capital. Geopolitical fears have been accentuated by ongoing conflicts, their impact on supply chains and the cost of goods.

A prolonged period of investor caution towards UK equities has resulted in a wide gap between the valuation of UK equities and their global peers. Within the UK equity market small and mid-cap companies have been particularly unloved, reflecting fears over the prolonged stagnation in the UK economy. As the year unfolded, investors began to respond to these low valuations, spurred on by hopes of interest rate cuts and the rise in corporate activity. This is reflected in the performance of the various UK Indices, the FTSE 250 and the FTSE Small Cap indices both outperformed the FTSE 100 Index over the 12 months to 30 September 2024, the first time that they have done so for three years. Despite this, globally, the allocation of funds to UK equities remains low.

Against this backdrop the overall performance of your Company has been positive, and the Board is pleased to see the Portfolio Manager's investment thesis play out positively across a range of holdings, including an increase in mergers and acquisitions ("M&A"), reflecting the compelling valuations on offer. The Portfolio Manager is focused on delivering income, while also looking to identify companies with positive change that can, over time, deliver capital growth for shareholders. The Portfolio Manager has maintained the investment approach by continuing to invest across the market, providing access to small and mid-cap shares trading on attractive valuations. For some time, this approach has been out of favour, constraining returns, but as market conditions gradually improve, it is encouraging to see that the Shareholders are now starting to be rewarded. Please see the Portfolio Manager's Review on pages 9 to 14 for more detail on the sources of the performance and income.

Earnings

Gross income generated by the Company's investments in the year ended 30 September 2024 was £12.6 million (2023: £12.5 million). The costs of managing the portfolio, including administration costs, were down over 12%, as a result of the change to the management fees which came into effect at the start of the financial year as well as a significant reduction in the auditor fee as a result of the move to Johnston Carmichael LLP. Interest costs on the borrowings attributable to the revenue account were up from £401,000 to £454,000, largely driven by the increase in average cost of borrowing during the year. After tax, the income of the Company was £11.0 million, marginally down from £11.1 million last year.

This resulted in the Company's earnings per share being 23.05 pence which was 1.6% lower than last year. Despite this decline in challenging markets, the Board was encouraged that the dividend for the year is covered by the earnings once again and without losing focus on overall performance.

Dividends

As a result of the earnings performance, the Board is declaring a fourth interim dividend for 2024 of 5.8 pence per share which will be paid on 10 January 2025 to shareholders on the Register on 6 December 2024 with an associated ex-dividend date of 5 December 2024. This takes the total dividend for the year to 22.9 pence per share (2023: 22.8 pence), representing the 24th consecutive annual dividend increase declared by the Company. At the time of writing, the Company's shares are trading on a yield of 7%, which is among the highest in the AIC UK Equity Income sector.

After payment of the fourth interim dividend and based on the current number of shares in issue, 0.14 pence per share will be transferred to revenue reserves which will be increased to 15.76 pence per share.

The Board is committed to maintaining and extending the Company's track record of dividend growth. We therefore expect that, in the absence of any adverse circumstances, in the coming financial year we will extend our track record to 25 consecutive years of dividend growth by paying a dividend of at least 23.0 pence per share. We believe that we are in a position to do this because the most recent analysis from the Portfolio Manager indicates that the portfolio will be able to cover this cost out of the current year earnings. We are also carrying revenue reserves of £10.3 million in the balance sheet which we could also utilise if needed. We expect that the first three interim dividends will be 5.7 pence per share, payable in March, June and September and the fourth interim will be at least 5.9 pence per share payable in January 2026.

Performance

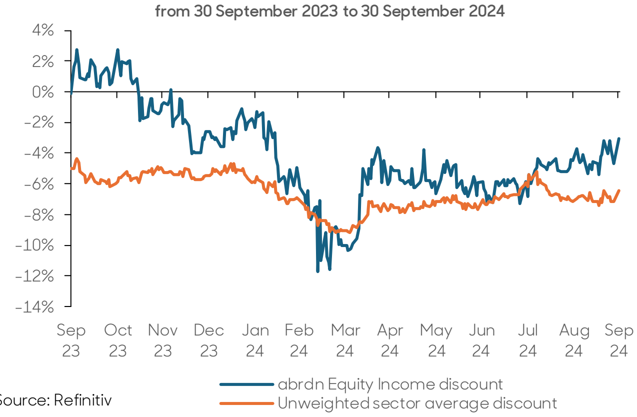
The overall performance of your Company has been encouraging. The Net Asset Value ("NAV") total return, with dividends reinvested at the ex-dividend date, was 13.3% (2023: 1.8%), a fraction shy of the Company's reference index total return (the FTSE All-Share Index) of 13.4%. The slight widening of the share price discount resulted in a share price total return of 10.4% (2023: 11.4%). More detailed information on capital performance can be found in the Portfolio Manager's Review and outlines stock-specific drivers that have contributed to this performance. Please see page 18 for the Company's performance against its Key Performance Indicators.

Whilst the UK equity market remains undervalued, we believe that the Portfolio Manager's portfolio construction provides an opportunity for re-rating that recognises the underlying value of our investments. The Board remains focused on improving performance and growing the dividend.

Premium & Discount

Over the last couple of years, the investment trust sector has been plagued by wider discounts. The Company's share price ranged from trading at a premium to NAV in the first couple of months of the financial year, to briefly trading at a discount to NAV of over 11% in March 2024, and then closing the financial year at a discount of 3%. This experience was not unique to the Company. Many trusts traded on a wider than usual discount, partially attributable to the run up to the end of the tax year as investors realised capital gains ahead of the reduction in Capital Gains Tax thresholds coming in on 6 April 2024. Once that deadline passed, we saw demand pick up and the Company's discount reverted to trading at around 5%. For all but about three weeks, in the year ended 30 September 2024, the Company's discount was trading at a narrower level than the average for the UK Equity Income investment trust sector.

abrdn Equity Income Trust and unweighted sector average discounts from 30 September 2023 to 30 September 2024



Source: Refinitiv

While the Company was trading at a premium in the early months of the financial year, the Company issued 135,000 shares at a premium to NAV, raising just over £400,000. There were no shares bought back during the year. The Board monitors the level of the premium / discount and will step in should it believe that the impact of doing so would be in the best interests of shareholders.

Borrowing facility

At the year end, the Company had drawn down £22.5 million (2023: £21 million) of its £30 million Revolving Credit Facility which will expire in June 2026. The Board and Manager weigh up the cost of borrowing, which has increased significantly over the last couple of years, versus the financial benefit of gearing the portfolio. The Board continues to believe in the long-term benefits of gearing and sees it as one of the potential benefits of closed-end investment companies.

Chair's Statement

Continued

Online Investor Presentation

In order to encourage as much interaction as possible with our shareholders, we will be hosting an online investor presentation, which will be held at 11: 30 am on Tuesday, 28 January 2025. At this event there will be a presentation from the Portfolio Manager followed by an opportunity to ask live questions to the Portfolio Manager and me. The online presentation is being held ahead of the AGM to allow shareholders sufficient time to submit their proxy votes after the presentation but prior to the AGM should they so wish. Full details on how to register for the online event can be found on the Company's website at abrdnequityincome.com.

Annual General Meeting

This year's Annual General Meeting ("AGM") will be held at abrdn's office, 18 Bishops Square, London, E1 6EG on Tuesday, 18 February 2025 at 11:30 am. The meeting will include a presentation by the Portfolio Manager and will be followed by lunch. This is a good opportunity for shareholders to meet the Board and the Manager and the Board encourages you to attend. The Notice of the Meeting is contained on pages 99 to 103.

Outlook

The start of the current financial year can definitely be described as "interesting times" for an equity investor in the UK. In the first few weeks of the new financial year, we have seen Rachel Reeves deliver Labour's first budget statement for 14 years and the re-election of Donald Trump as the next President of the United States after a four-year interlude. With those events behind us, there is less uncertainty as to the medium-term outlook. Conflicts in Ukraine and the Middle East have been ongoing for some time, but it remains to be seen whether any escalation in these conflicts further adversely affects the global stock markets.

The fiscal impact of the UK Government's intention to increase borrowing and raise taxes, in particular Employer's National Insurance, will undoubtedly have an impact on many UK companies. Whilst how this will manifest is not clear, it is evident that the Government will need the economy to grow to support much needed investment in infrastructure. Meanwhile Donald Trump's economic agenda – a push for growth accompanied by tariffs – is likely to be inflationary, both in the US and elsewhere. Consequently, the scale of interest rate cuts that are expected, on either side of the Atlantic, appears to be receding.

It is worth remembering that while we invest in companies listed in the UK, many operate internationally, so for these companies the National Insurance increase will only affect their UK payroll. The strengthening of the US Dollar that we have witnessed since the start of our new financial year has reversed some of the weakness seen in the year ended 30 September 2024. A strengthening dollar is beneficial to investors in companies with operations outside the UK generating sales in US Dollars and remitting the proceeds back to the UK. The Portfolio Manager is aware of the sensitivities of the portfolio to such macro variables. The resilient performance of the portfolio since the start of the new financial year, despite these macro changes, would support his view that the portfolio has been structured on the basis of stock-specific insights which makes it more resilient and less likely to be affected by sharp changes in macro variables.

Against this backdrop the Portfolio Manager will continue to position the portfolio in companies where we see the potential for a combination of dividend yield, dividend growth and valuation re-rating with the aim of delivering a further increase in the dividend in the coming year to extend the track record to 25 years and to deliver this from the revenue earnings in the year.

Sarika Patel
Chair
27 November 2024

Portfolio Manager's Review

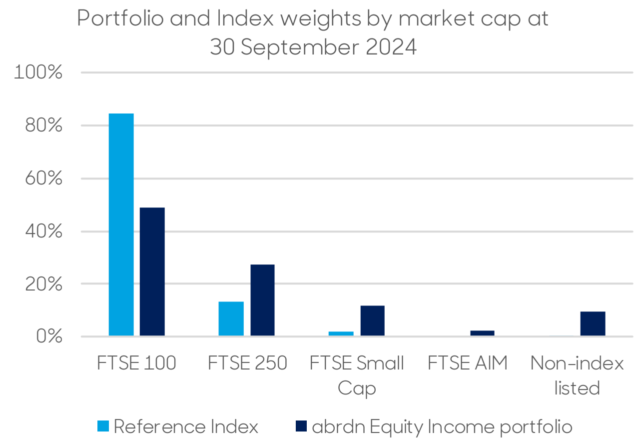
Market Review

UK equities advanced over the 12 months to 30 September 2024 as investors responded positively to signs of a soft landing for the UK economy as the rate of inflation moderated, allowing the first-interest rate cut in four years. Investor sentiment improved as the financial year progressed, as the prospect of interest rate cuts helped reassure on the outlook for the global economy. As a result, market leadership gradually broadened out, as reflected in the outperformance of small and mid-cap companies over large caps, despite heightened geopolitical instability caused by ongoing wars in Ukraine and the Middle East.

After entering a mild recession in late 2023, the UK economy stabilised in the early months of 2024, helping to ease fears that a prolonged period of high interest rates would result in a major contraction in business activity and consumer spending. A steady decline in the rate of inflation, eventually falling into line with the official 2% target level in May 2024, prompted the Bank of England to cut the base rate by 0.25% in August 2024, its first cut since March 2020. Labour's landslide victory in the UK's general election in July initially helped to reassure markets on political stability, although the mood soured after the Government warned that tax rises would be necessary to address the budget deficit. This hit business and consumer confidence in the run-up to the Autumn Budget, constraining business investment and consumer spending. At the same time, nervousness among bond market investors about the new Government's fiscal discipline caused Gilt yields to increase, although not on the same scale as at the Truss mini-budget two years earlier.

In the US, the Federal Reserve cut interest rates by 0.5% in September 2024, marking the first cut in four years. This decision was taken against the backdrop of slowing inflation and weakening labour markets. Chinese economic growth continued to be held back by a slump in the real estate sector, although hopes of more assertive stimulus measures helped to improve sentiment towards the end of the period. Geopolitics remained febrile, with heightened tensions in the Middle East and the ongoing conflict in Ukraine continuing to weigh on sentiment.

The FTSE 100 Index rose 12.3% in total-return terms over the period, but lagged indices in Europe and the US, as larger cap sectors were hit by a strengthening in the value of Sterling against other major currencies, while a sustained fall in the oil price weighed on oil companies. Conversely, the more domestically focused FTSE 250 Index delivered a total return of 19.1% over the 12 months, buoyed by hopes that the Bank of England would make a number of interest rate cuts. The performance of mid and small-cap companies was also supported by a rise in merger and acquisition ("M&A") activity, underlining the low valuations on offer in this part of the UK equity market.



Revenue Account

Dividends distributed by the portfolio's holdings came in at £12.6 million, compared to £12.5 million received last year, representing a marginal increase of 0.8%. While the income was largely unchanged, over 80% came from UK-registered companies as compared to just over 19% coming from those UK-listed, but overseas registered, companies. It should be noted that the geographical source of the portfolio income is a function of the ideas identified by our investment process, rather than being a target per se.

Special dividends accounted for over 5% of total income, coming from five companies, as compared to less than 2% last year. While special dividends within the portfolio have increased in the past year, we have observed the continued preference for buybacks over special dividends among management teams, reflecting their view that valuations are too cheap. We note that 25 of the holdings, representing half the portfolio, conducted share buybacks during the financial year. As share prices recover, it is likely that special dividends will become more widespread.

Portfolio Manager's Review

Continued

The management and administration costs of running the Company were down over 12% in 2024 as compared to 2023. The management fee was renegotiated last year, and this has led to a reduction of over 16% year on year, while administration costs were down almost 10%, primarily driven by the reduction in the audit fee which was a result of the review of the provision of audit services in 2023. The cost savings of over £200,000 were offset by an increase in overseas withholding tax which rose from £278,000 to £560,000, meaning that the revenue return after taxation was £11.0 million, around £99,000 lower than in 2023.

We are forecasting that the portfolio is currently delivering a gross dividend yield, before costs, of 7%, based on the income expected to be generated over the Company's financial year divided by the portfolio value at the year end, representing a significant premium to the dividend yield of the FTSE All-Share Index ("Reference Index") of 3.6% as of 30 September 2024. Interest rates have started to decline with a further 0.25% rate cut in early November, setting the scene for an increase in the gap between the rate we pay on the Company's bank facility and the dividend yield we earn on the portfolio. The pace of rate cuts is uncertain, but at the time of writing, money markets are factoring in two rate cuts by September 2025.

Our focus on income, consistent with our investment process, allowed us to cover the dividend again for the third consecutive year. Management teams generally remained cautious on dividend payouts. This can be explained by the sluggish global economy, elevated interest rates and geopolitical uncertainty, as well as the continued preference for buybacks. The appreciation of Sterling against other major currencies has also been a headwind given the high percentage of sales investee companies generate overseas. The composition of dividend payouts within the UK equity market has continued to evolve, with weakness in mining payouts caused by lower commodity prices, offset by higher bank payouts supported by higher interest rates.

Our investment process allows us to generate the portfolio income required to cover the dividend while also seeking to achieve capital growth over time. This reflects the emphasis we place on seeking out companies whose cash flow and dividend potential is not effectively priced in by the market. Our experience is that the stock market tends to reward such companies with a higher valuation, providing shareholders with both income and capital growth. One of the best examples of this approach playing out during the financial year was Hargreaves Lansdown. Short term concerns over a prolonged period of subdued inflows, linked to high interest rates and geopolitical tensions, caused the shares to trade at an exceptionally low Price/Earnings multiple of 11x and a dividend yield of over 6%. We felt this was far too cheap for a market leader with a very sticky customer base, so we progressively added to the holding in 2022, 2023 and early 2024, building a sizeable holding. This turned out to be the right decision, as a private equity bidder spotted this valuation anomaly and took the company out at a steep premium.

We see this approach as highly repeatable, especially at a time when sentiment towards UK equities is at such a low ebb, as this creates a large number of "unrecognised change" situations with the potential to deliver both income and capital growth. While we are not dependent on falling interest rates or accelerating economic growth, we acknowledge that any improvement in the macro backdrop would help to broaden the number of companies paying attractive dividends, providing us with a greater range of income shares from which to build a diversified portfolio. Overall, we remain confident that we are well positioned to extend the Company's 24-year dividend growth track record in the year ahead.

Portfolio Performance

The Company's net asset value ("NAV") total return was 13.3% for the period. This was just behind of the total return of 13.4% for the Company's Reference Index. Performance during the period was largely the result of stock-specific drivers.

The portfolio saw a spike in M&A activity during the period, including bids for Hargreaves Lansdown, DS Smith, Tyman and Centamin. This underlines the benefits of our focus on valuation, as international bidders recognise the gap between share prices and intrinsic value. We observed that many UK-listed companies have struggled to close the gap with their global peers, and we had positioned the portfolio accordingly. This was the largest contributor to the performance of the Company.

Careful stock selection within defensive mega-cap companies helped performance during the period. The holding in Imperial Brands surged by over 40% as investors recognised consistent cash flow delivery by a new management team whose strategy is to focus on their key brands in their most profitable markets. Avoiding Reckitt Benckiser was helpful, as the company warned on profits. Similarly, caution on Diageo and AstraZeneca paid off, although the portfolio would have benefited if it had held Unilever.

Financial holdings were a positive driver of performance during the period. The largest contributor to performance was CMC Markets which leapt by over 200% during the period on the publication of a string of positive trading updates revealing higher than expected revenues, including an increasing contribution from institutional clients, suggesting that recent heavy investment in this area is beginning to pay off. We added to the holding near the recent trough in the share price, amplifying the impact on performance as the share price took off. Elsewhere in Financials, performance benefited from holdings in Quilter, TP ICAP and Barclays, all of which responded positively to better-than-expected results. These offset the performance drag from the holding in Close Brothers which fell on concerns over the risk of a potential sizeable customer redress following the announcement of an FCA review into historic motor finance industry lending practices before 2021.

Among the detractors to performance, Energy holdings struggled against the backdrop of falling commodity prices, as energy demand softened as a result of a weakening global economy, while commodity markets became inured to geopolitical tensions. Diversified Energy declined as a collapse in the US natural gas price impacted cash flows. The need for balance sheet flexibility, allowing it to continue to focus on accretive acquisitions, ultimately led to its decision to cut the dividend. Thungela Resources declined in response to falling thermal coal prices, while Ithaca Energy fell on the announcement of a rise in the North Sea Energy Profit Levy.

Finally, performance relative to the Reference Index was impacted by the strong performance of lower yielding large cap growth shares Rolls-Royce, RELX, 3i and Experian.

Activity

During the period we continued to identify investment opportunities that can help to deliver on each aspect of the investment objective, looking for companies that can exhibit a combination of dividend yield, dividend growth or valuation re-rating.

The largest purchases during the period can be categorised into the following groupings:

1. **Domestic UK shares whose valuations are low relative to their history:**

- **Assura:** The Company last owned the primary healthcare property group in 2021, selling the stock at a large premium to its NAV. The share price has since slipped below its NAV as a result of higher interest rates. Operationally the business remains strong, with good tenant demand and a pipeline of new developments.
- **Barratt Redrow:** The business is trading strongly, with an improving reservation rate. Barratt's acquisition of Redrow enabled significant cost savings and revenue synergies, providing a trigger for the valuation to re-rate from a very low multiple (below 1x NAV).
- **Berkeley Group:** This is one of the best operators in the housebuilding sector, deploying its surplus cash into a new growth initiative, Build to Rent, alongside a special dividend. Strong forward sales enabled management to upgrade its guidance, with potential for further support from falling mortgage rates. The valuation is well below its historical average.

2. Financials shares whose improving momentum is not yet priced in:

- **M&G:** M&G is using strong cash generation from its life business to invest in new sources of growth including an expansion into new international markets. The high dividend yield implies scepticism on the sustainability of the dividend, which we believe is misplaced in the context of the operational progress being made across all its divisions.
- **Petershill Partners:** We added to this holding, observing that the company's success in private markets fundraising is driving consistent growth in assets under management and earnings. The share price is trading around 35% below the NAV per share, which we see as a valuation opportunity given the consistency its growth.
- **Legal & General:** We added to this holding, encouraged by ambitious targets set at its Capital Markets Day in May, harnessing the synergies between its divisions by growing its institutional retirement business and generating the permanent capital to grow its asset management business.

3. Defensive shares whose low valuations reflect low expectations:

- **National Grid:** We took part in the rights issue to fund a five-year £60 billion energy transition investment plan, accelerating the connections of renewable generation to the grid.
- **Drax:** We started a new holding in Drax which generates a rising proportion of earnings from non-biomass areas, including hydro, pumped storage and natural gas generation. This reduces its vulnerability to policy decisions on biomass. The UK needs to maintain a high level of baseload electricity given the intermittency of renewables, so we see Drax as part of the solution for the UK government at a time of growing electricity demand.
- **Imperial Brands:** We added to the existing position. Since the arrival of a new management team, the business has consistently delivered on the profits guidance it provides to the market, focusing on getting the operational basics right. Earnings growth is underpinned by a share buyback programme equating to nearly 8% of the shares in issue on an annualised basis, in addition to the 7% dividend yield.
- **British American Tobacco:** We saw the potential for a turnaround in performance following a recent change in the management team. It is unusual for one of the leading companies globally to be trading at such a low valuation, with the dividend yield exceeding 10% at one point. Improving operating trends became more apparent with the interim results in August, sparking a positive share price response.

The largest sales during the period can be categorised into the following groupings:

1. Selling out of M&A bid targets at a significant premium

- **DS Smith:** We sold out following a bidding war for the company between International Paper and Mondi, eventually won by International Paper.
- **Hargreaves Lansdown:** We sold out following a bid for the company from a consortium of CVC Capital Partners, Nordic Capital and the Abu Dhabi Investment Authority.
- **Tyman:** We sold out following a bid for the company from US building materials business Quanex.
- **Centamin:** We sold out following a bid for the company from Anglogold.

2. Moderating large positions sizes, notably in Financials and Resources:

- **CMC Markets:** Having added to the holding in January, the stock's subsequent surge took the weighting to around 5% of the portfolio, at which point we took some profits.
- **NatWest/Barclays:** We took some profits following a very sharp rally in the share prices, as higher interest rates helped drive upgrades to net interest income and return on equity forecasts.
- **Glencore/Shell:** Conscious of the heavy weighting in the Resources sector, we scaled back the position sizes, attempting to diversify the portfolio's sources of income.
- **SSE:** SSE's strong performance had taken the weighting to around 5%, prompting us to take some profits.

3. **Cutting back the number of shares by eliminating holdings that lack the catalysts necessary for a re-rating:**

- **Anglo American:** We sold out in the wake of the decision by BHP to walk away from its bid for the company, as the break-up plan appeared challenging.
- **Vodafone:** We sold out after Vodafone had completed the disposals of their Italian and Spanish units. We expect industry pricing to remain difficult until industry consolidation is allowed to take place.
- **Hays:** We sold out as the macro-economic backdrop was unhelpful, with a mismatch between candidate and employer confidence causing a slowdown in hiring activity.

Outlook

After bottoming out in mid-February, the NAV rose sharply in the following six months. The portfolio's improving NAV performance reflects a combination of a more benign macro backdrop and solid company results, providing the catalyst for the holdings to deliver the valuation re-rating that we have long been expecting. This has continued into the new financial year, strengthening our confidence that the portfolio is well diversified across a board range of macro drivers, allowing it to remain resilient through major events such as the UK Budget and the US Presidential election.

Looking ahead, the performance of UK equities will be driven by a number of factors, notably the prospects for interest rates and economic growth in the UK and globally. After a brief period of more positive sentiment towards the UK following Labour's landslide general election victory, the tone is once again more sceptical as investors scrutinise the new Government's policies, in particular the decision to increase taxes and borrowing in the budget. Investors recognise that there is little room for manoeuvre on fiscal policy given the state of government finances, but they would welcome any signs of policy that would help to reverse the UK's long history of under-investment and low productivity growth.

Trading at a Price/Earnings ratio of around 11.5x, UK equities are cheap relative to other equity markets and their own history, creating a low bar for share prices on the announcement of any positive news. Among developed markets, Europe trades at a Price/Earnings ratio of 13.5x, Asia and Japan trade at 14x and the US trades at over 20x. We see the valuation opportunity within the UK equity market as two-fold:

1. The FTSE 100 Index generates 78% of its revenues outside the UK, meaning that these are internationally focused businesses that should, but often don't, trade at similar valuations to their global peers. We will continue to seek out these valuation anomalies among large caps, which represent 48.9% of the portfolio.
2. The FTSE 250 and Small Cap indices are far more domestically focused, generating over 50% of their revenues in the UK, making them more dependent on the UK economy. Recent Goldman Sachs research observes a tight inverse correlation between the performance of the FTSE 250 Index (relative to the FTSE 100 Index) and UK 10-year Gilt yields, as well as a strong positive correlation between the FTSE 250's Price/Earnings ratio and current economic activity levels. It is therefore understandable that investors will be scrutinising government policies in the months ahead, seeking to establish whether they will help to deliver higher levels of investment and productivity growth, which could create the conditions for more sustainable economic growth.

Regardless of the macro situation, we will continue to search across the UK equity market for under-valued companies with the potential to deliver growth that surprises the market. We are encouraged that during this financial year we have uncovered a large number of companies that have delivered a significant valuation re-rating, either due to better-than-expected results or M&A. The identification of these companies can be extremely powerful for the portfolio's performance as share prices go up due to higher earnings or a higher Price/Earnings multiple. The higher NAV also provides an increased capital base from which to generate portfolio income.

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Portfolio Manager's Review

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This year has demonstrated our ability to deliver a rising NAV at the same time as delivering sufficient portfolio income to cover the dividend and maintain the Company's 24-year track record of dividend growth. Our focus on income is consistent with our investment process, as we believe that cash generative companies that use their cash flow to pay attractive dividends and buy back their own shares can also deliver excellent share price performance. We continue to structure the portfolio in companies where we see the potential for a combination of dividend yield, dividend growth and valuation re-rating. The scale of the valuation re-rating opportunity can be seen from the gap between the valuations of the holdings in the portfolio and those of the wider market. At the time of writing, the portfolio has a median Price/Earnings ratio of 9.4x and a median Price/Book ratio of 1.2x which compares favourably with 12.5x and 1.7x respectively for the FTSE All-Share (ex-Investment Trusts) Index. In a portfolio of 50 companies, 25 have been buying back shares during this financial year. On pages 36 and 37 we have included individual case studies of two companies seeing their valuations re-rate as their successful cash flow delivery is reflected in their valuations.

Having engaged with shareholders, I have a clear understanding of what matters most. I have listened to shareholders who tell me how important the high level of income is for them at a time of an elevated cost of living. I have also listened to shareholders who tell me that they want to see a growing NAV. This year we delivered both, helped by careful portfolio construction and improving market conditions. This shows that income and capital growth can be delivered hand in hand. I am encouraged by the improving momentum of the portfolio, and I am determined to deliver for shareholders in the year ahead.

Thomas Moore
Portfolio Manager

27 November 2024

Overview of Strategy

Business Model
The Company is an investment trust, and its Ordinary shares are listed on the London Stock Exchange.

Investment Objective
The Company's objective is to provide shareholders with an above average income from their equity investment, while also providing real growth in capital and income.

Investment Policy
The Directors set the investment policy, which is to invest in a diversified portfolio consisting mainly of quoted UK equities which will normally comprise between 50 and 70 individual equity holdings.

In order to reduce risk in the Company without compromising flexibility:

- no holding within the portfolio should exceed 10% of total assets at the time of acquisition; and
- the top ten holdings within the portfolio will not exceed 50% of net assets.

The Company may invest in convertible preference shares, convertible loan stocks, gilts and corporate bonds.

The Directors set the gearing policy within which the portfolio is managed. The parameters are that the portfolio should operate between holding 5% net cash and 15% net gearing. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters.

Delivering the Investment Objective
The Board delegates investment management services to abrdn. The team within abrdn managing the Company's portfolio of investments has been headed up by Thomas Moore since 2011.

The portfolio is invested on an index-agnostic basis. The process is based on a bottom-up stock-picking approach where sector allocations are a function of the sum of the stock selection decisions, constrained only by appropriate risk control parameters. The aim is to Focus on Change by evaluating changing corporate situations and identifying insights that are not fully recognised by the market.

Idea Generation and Research
The vast majority of the investment insights are generated from information and analysis from one-on-one company meetings. Collectively, more than 3,000 company meetings are conducted annually across abrdn. These meetings are used to ascertain the company's own views and expectations of its future prospects and the markets in which it operates. Through actively questioning the senior management and key decision makers of companies, the portfolio managers and analysts look to uncover the key changes affecting the business and the materiality of their impact on company fundamentals within the targeted investment time horizon.

Investment Process in Practice
The index-agnostic approach ensures that the weightings of holdings reflect the conviction levels of the investment team, based on an assessment of the management team, the strategy, the prospects and the valuation metrics. The process recognises that some of the best investment opportunities come from under-researched parts of the market, where the breadth and depth of the analyst coverage that the Portfolio Manager can access provides the scope to identify a range of investment opportunities.

The consequence of this is that the Company's portfolio often looks very different from other investment vehicles providing their investors with access to UK equity income. This is because the process focuses on conviction levels rather than index weightings. This means that the Company may provide a complementary portfolio to the existing portfolios of investors who prefer to make their own decisions and manage their ISAs, SIPPs and personal dealing accounts themselves. As at 30 September 2024, 51.1% (2023: 52.6%) of the Company's portfolio is invested in companies outside the FTSE 100 Index.

The index-agnostic approach further differentiates the portfolio because it allows the Portfolio Manager to take a view at a thematic level, concentrate the portfolio's holdings in certain areas and avoid others completely. The effect of this approach is that the weightings of the portfolio can be expected to differ significantly from that of any index, and the returns generated by the portfolio may reflect this divergence, particularly in the short term.

Overview of Strategy

Continued

The Manager's Approach to ESG

There is a broad understanding on the Board that a full and thorough assessment of environmental, social and governance ("ESG") factors will allow for better investment decisions to be made. ESG factors are considered alongside financial and other fundamental factors in order to make the best possible investment decisions at a stock picking and at a portfolio construction level. It should be noted that the Company does not have a sustainability objective and does not promote any sustainability characteristics, nor does it specifically exclude any sectors from its investment universe.

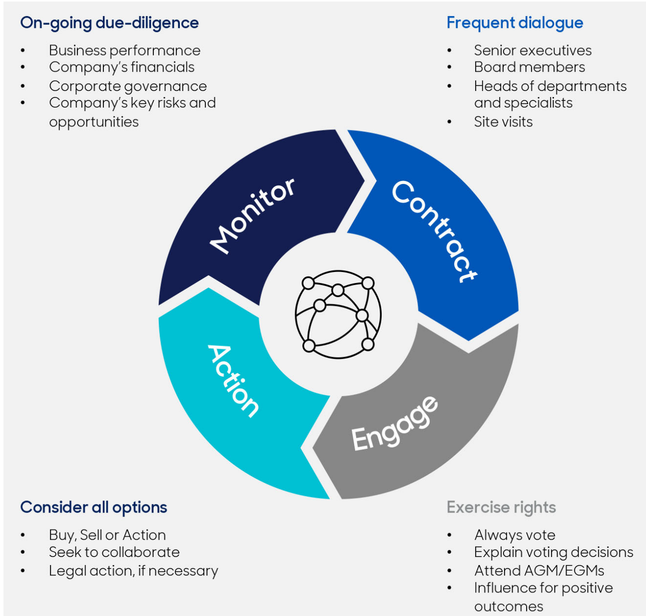
By considering ESG factors, the Board believes that the Portfolio Manager has a more complete view of a company, including its risks and opportunities. The analysts supporting the Portfolio Manager seek to determine which ESG factors are financially material to form a forward-looking view of how a business will manage risks and capture opportunities. The analysts focus on what they deem to be the most material ESG factors to understand their impact on a company's future business performance, financial position, and/or market perception.

To advance this analysis on behalf of the Company's shareholders, the Portfolio Manager has a very close relationship with the ESG specialists within abrdn and there is an on-desk ESG analyst to assist in the research process and ESG engagements with companies. Through the utilisation of third party provided research, including MSCI and abrdn's inhouse ESG rating tools, the team is able to identify, where appropriate, leaders and laggards, areas of weakness and areas of strength.

It should be noted that as part of the investment process to identify attractive investment opportunities, the Portfolio Manager must consider a diverse range of companies, spanning a broad-spectrum of practices. An important feature of the investment process is therefore active and meaningful engagement to generate insights into underlying performance, with the Company's approach to engagement set out below.

Proactive Company Engagement

The Manager believes that proactive company engagement ensures the holdings in the portfolio remain or become better companies.



Source: abrdn

See the Case Studies on pages 36 and 37 for specific examples of the Company's engagement with investee companies.

The Manager's Approach to Engagement

Engagement is an important part of the Manager's investment process, the Manager sees engagement not only as a right but as an obligation of investors, in its role as owners of companies. The Manager engages actively and regularly with companies in which it is or may become an investor.

The Manager believes that informed and constructive engagement helps to foster better companies, enhancing the value of the Company's investments.

There are generally two core reasons for engagement: to understand more about a company's strategy and performance or encourage best practice and drive change.

Active engagement involves regular, candid communication with management teams (or boards of directors) of portfolio companies to discuss a broad range of issues that are material to sustain long-term returns, either positively or negatively, including both risks and opportunities. The Manager's focus is on the factors which it believes to have the greatest potential to enhance or undermine the Company's investment case. Sometimes the Manager seeks more information, exchanges views on specific issues, encourages better disclosure: and at other times, encourages change (including either corporate strategy, capital allocation, or climate change strategy). On the Company's behalf, the Manager's engagements cover a range of issues, including but not limited to board composition, remuneration, audit, climate change, labour issues, human rights, bribery and corruption.

Promoting the Success of the Company

The Board's statement on pages 25 to 27 describes how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 and how they have promoted the success of the Company. That statement forms part of the Strategic Report.

Overview of Strategy

Continued

Key Performance Indicators ("KPIs")

The Board assesses the performance of the Company against the range of KPIs shown below over a variety of time periods, but has particular focus on the long term, which the Board considers to be at least five years.

KPI	Description
Net Asset Value ("NAV") Total Return relative to the FTSE All-Share Index	While the Manager does not manage the portfolio with direct reference to any particular index, the Board does review the performance against that of the FTSE All-Share Index to provide context for the performance delivered. The Company's NAV Total Return relative to the FTSE All Share Index since 2014, is set out on page 29.
Premium or discount to the NAV compared to the unweighted average of the discount of the peer group	The Board compares the discount of the Company's share price to its NAV when compared to the unweighted average discount of the other investment trusts in the UK Equity Income sector. A five-year chart showing the discount of the Company and for the UK Equity Income sector is shown on page 29.
Dividend growth compared to the Retail Price Index ("RPI")	The Company's objective is to provide shareholders with an above average income from their equity investment, while also providing real growth in capital and income. Between 2012, the first full year after Thomas Moore took over the role of Portfolio Manager, and the outbreak of the Covid-19 pandemic, the annual dividend growth of the portfolio exceeded inflation, as measured by the RPI, indicating that shareholders had received real growth in the dividends paid by the Company. However, the income generated by the portfolio was significantly affected by dividend cuts made by investee companies during 2020. While dividend payments to shareholders have increased over the last three years, they have not kept pace with RPI. In setting the level of the dividend for the current financial year, the Board has balanced the need to deliver a meaningful increase to shareholders and its desire to continue rebuilding the revenue reserves. After payment of the fourth interim dividend, and based on current shares in issue, 0.14 pence per share will be transferred to revenue reserves A breakdown of the Company's dividend growth compared with RPI since 2014 is set out on page 30.
Ongoing charges ratio relative to comparator investment vehicles	The Board monitors the Company's ongoing charges ratio against prior years and other similar sized companies in the peer group. The Ongoing Charges Ratio for the year decreased moderately to 0.86% based on average net assets over the year (2023: 0.94%).

Principal Risks and Uncertainties

The Board and Audit Committee carry out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also identifies emerging risks which might affect the Company.

There are a number of principal risks and uncertainties which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board, through the Audit Committee, has carried out a robust assessment of the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation.

The principal risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of a risk matrix and the Committee also gives consideration to the emerging risks facing the Company.

The Board has identified the implications for the Company's investment portfolio of a changing climate, and the increased use of artificial intelligence, as emerging risks which it considers are likely to become more relevant for the Company in the future.

The Board continues to assess these emerging risks and their impact on the portfolio as they develop, including how investor sentiment is evolving towards climate risk and how artificial intelligence may impact business models in the future, and will consider how the Company may mitigate these risks and any other emerging risks. The Board receives regular reporting from the Manager on its approach to engagement with investees on a variety of different topics.

The principal risks currently facing the Company, together with a description of the mitigating actions the Board has taken, are set out in the table below.

The Board considers its risk appetite in relation to each principal risk and monitors this on an ongoing basis. Where a risk is approaching or is outside the tolerance level, the Board will consider taking action to manage the risk. Currently, the Board considers the risks to be managed within acceptable levels.

The principal risks associated with an investment in the Company's shares are published monthly in the Company's factsheet and they can be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are available on the Company's website.

Risk	Trend	Mitigating Action
Strategy – the Company's objectives or the investment trust sector as a whole become unattractive to investors, leading to a fall in demand for the Company's shares.	⇔	Through regular updates from the Manager, the Board monitors the relevance of the Company's strategy, the performance of equity markets, the economic and political environment, risks to the delivery of the Company's strategy in light of the external environment and the discount/ premium at which the Company's shares trade relative to the net asset value and its peers. The Board holds an annual strategy meeting and receives feedback from the Company's broker on the Investment Trust sector in general, and more specifically on the UK Equity Income sector, and the Company's relative performance against peers. The Board also receive regular updates from the Manager's investor relations team to help to better understand investor sentiment towards the Company and its strategy.
Investment Performance – Market risk arises from volatility in prices of the Company's investments and the potential loss the Company could suffer through realising investments following negative market movements.	⇔	The Board recognises that market risk is significant in achieving performance and it reviews and monitors the investment restrictions and guidelines it has set to ensure that they are appropriate. The Company's investment policy and approach to risk diversification may be found on page 15. The Board meets with the Manager on a regular basis and regularly receives reports to discuss and consider the diversification of the portfolio, asset allocation, stock selection and levels of gearing on a regular basis. The Board also monitors the revenue forecasts, the costs of running the Company and the Company's relative performance as compared to peers and the Reference Index.

Overview of Strategy

Continued

Risk	Trend	Mitigating Action
Changes in general economic or market conditions (such as interest rates, exchange rates and rates of inflation) as well as global political events and trends, could substantially and adversely affect the prices of securities and, as a consequence, the value of the Company's investment portfolio, its prospects and share price.		The Board regularly reviews the impact of geopolitical instability and change on market risk. The Board determines the Company's dividend policy and approves the level of dividends payable to shareholders. Shareholders are invited to vote on the Company's dividend policy to pay four interim dividends at each Annual General Meeting. Representatives of the Manager attend all Board meetings, and a detailed formal appraisal of the Manager is carried out by the Remuneration & Management Engagement Committee on an annual basis. The Board engages with shareholders at its Annual General Meeting and Pre-AGM Online Investor Event and with larger shareholders at least annually to listen to sentiment towards the Company and its performance directly.
Exogenous risks such as health, social, financial, economic and geopolitical – the effects of instability or change arising from these risks could have an adverse impact on stock markets and the performance of the investment portfolio and/or negatively impact the operations of the Company, Manager or key service providers.	⇧	The Board discusses current geopolitical and macroeconomic issues with the Manager. During the year under review, such issues have included the UK's relationship within the European Union, investment risks arising from the impact of events such as the invasion of Ukraine and increased military tensions in the Middle East, investor attitudes towards equity markets, UK inflation, and the slowing of Chinese growth. More recently the Board has been engaging with the Manager on the impact of the UK Budget and the US Election results. The Board discusses with the Manager the steps that the Manager has taken or might take to limit their impact on the portfolio and the operations of the Company. The Portfolio Manager's Review on pages 9 to 14 summarises the purchases and sales activity during the period as the Company considered the new set of opportunities arising from the meaningful change in market backdrop during the financial year. The Manager is in regular communication with investee entities, economists, and the wider market to determine the impact of the geopolitical and economic environment on the portfolio. The Board oversees the Manager's performance at each Board Meeting and at its annual strategy meeting in August, formally considers whether the Company's strategy remains fit for purpose, in the light of exogenous risks. The Board also regularly discusses the economic environment, geopolitical risks, industry trends and the potential impact on the Company with the Company's broker.
Operational Risk – the Board delegates the operation of the business to third parties, the principal delegate being the Manager. Failure of internal controls and poor performance of any service provider could lead to disruption, reputational damage or loss to the Company.	⇔	The Audit Committee receives, and reviews reports from the Manager on its internal controls and risk management (including an annual ISAE Report). It also receives and reviews reports from all its other significant service providers on at least an annual basis, including on matters relating to business continuity and cyber security. Written agreements are in place with all third-party service providers. The Manager monitors closely the control environments (Including cyber security) and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings, and key performance indicators. A formal appraisal of the Company's main third-party service providers is conducted by the Remuneration & Management Engagement Committee on an annual basis.

Risk	Trend	Mitigating Action
Governance Risk – the Directors recognise the impact that an ineffective board, unable to discuss, review and make decisions, could have on the Company and its shareholders.		The Board is aware of the importance of effective leadership and board composition. The Board regularly reviews its composition and formally reviews the performance of the Board, Chair, and individual Directors through its performance evaluation process on an annual basis. At each Board Meeting, Directors are invited to disclose any interests or potential interests in business due to be discussed. All Directors are subject to annual shareholder re-election.
Discount/Premium to NAV – a significant share price discount or premium to net asset value per share could lead to high levels of uncertainty for shareholders.		The Board keeps the level of the Company's discount/premium under review. As explained in the Chair's Statement, the share price ranged from trading at a premium to NAV in the first couple of months of the financial year to briefly trading at over 11% discount to NAV in March 2024 and then closing the year end at discount of 3.0%. For all but about three weeks, the Company's discount was trading at a narrower level than the average for the UK Equity Income investment trust sector. The share price discount to NAV was 0.2% at 30 September 2023 and 3.0% at 30 September 2024. The Company participates in the Manager's investment trust promotional programme where the Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.
Financial obligations – inadequate controls over financial record keeping and forecasting, the setting of an inappropriate gearing strategy or the breaching of loan covenants could result in the Company being unable to meet its financial obligations, losses to the Company and its ability to continue trading as a going concern.		At each Board meeting, the Board reviews management accounts and revenue forecasts. The Directors set the gearing policy within which the portfolio is managed. The parameters are that the portfolio should operate between holding 5% net cash and 15% net gearing. The Directors have delegated responsibility to the Manager for the operation of the gearing level within the above parameters. The independent Auditor audits the Company's annual financial statements.
Legal and Regulatory Risks – the Company operates in a complex legal and regulatory environment. As a UK company with shares publicly quoted on the London Stock Exchange, as an alternative investment fund and an investment trust, there are extensive legal and regulatory requirements.		The actions the Board takes to mitigate these extensive risks are to ensure that there is breadth and depth of expertise within the Board, and through the appointment of reputable service providers to support the Company and its operations. The Board can instruct additional external professional support on behalf of the Company, or the Directors individually should that be considered necessary.

Promotional Activities

The Board recognises the importance of promoting the Company to current and prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes one effective way to achieve this is through subscription to, and participation in, the promotional programme run by abrdn on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by abrdn. The Company also supports abrdn's investor relations programme which involves regional roadshows, promotional and public relations campaigns. abrdn's promotional and investor relations teams report to the Board on a quarterly basis giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make-up of that register.

The purpose of the promotional and investor relations programmes is both to communicate effectively with existing shareholders and to gain new shareholders, with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key. Part of the promotional programme includes commissioning independent paid for research on the Company, most recently from Kepler Trust Intelligence Research Limited. A copy of the latest research note is available from the Key Documents section of the Company's website.

On 26 January 2024, the Board hosted an online investor presentation where the Portfolio Manager provided an update on the portfolio. The Portfolio Manager and Chair also answered live questions from the audience.

On 29 August 2024, the Board hosted an in-person meeting for large shareholders at which the Portfolio Manager provided an update on the portfolio. Both of these events gave the Directors the opportunity to hear the views of shareholders first hand.

Board Diversity

The Board's statement on diversity is set out in the Directors' Report on page 44

At 30 September 2024, there were two male and two female Directors on the Board. The Chair and the Senior Independent Director positions are both held by women.

Modern Slavery Act

Due to the nature of its business, being a company that does not offer goods and services to customers, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Environmental, Social and Human Rights Issues

The Company has no employees. The Board has delegated the day-to-day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees.

The Company's socially responsible investment policy is set out below.

Active Engagement

Through engagement and exercising voting rights, the Manager actively works with companies to improve corporate standards, transparency and accountability.

The primary goal of the Manager is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to shareholders and this fits with one of the Manager's core principles as a business in how it evaluates investments.

Responsible Investment

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 and has noted the Manager's policy on social responsibility. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Manager encourages companies in which investments are made to adhere to best practice in the areas of ESG stewardship. The Manager believes that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies.

The Company's objective is to provide shareholders with an above average income from their equity investment while also providing real growth in capital and income. The Board and Manager believes this will be produced on a sustainable basis by investments in companies which adhere to best practice. Accordingly, the Manager will seek to favour companies which pursue best practice.

Stewardship

The Company is committed to the UK's Stewardship Code and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. abrdn plc is a tier 1 signatory of the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long-term investment return to shareholders. While delivery of stewardship activities has been delegated to the Manager and its group, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports to the Board on a quarterly basis on stewardship (including voting) issues.

Global Greenhouse Gas Emissions

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

For the same reason as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

Task Force for Climate-related Financial Disclosures ("TCFD")

Under UK Listing Rules, the Company, as a closed ended investment company, is exempt from complying with the Task Force on Climate-related Financial Disclosures ("TCFD").

Whilst TCFD is currently not applicable to the Company, the Manager, as the delegated Alternative Investment Fund Manager ("AIFM") is required to produce a product level report on the Company in accordance with the FCA's rules and guidance regarding the disclosure of climate-related financial information consistent with TCFD Recommendations and Recommended Disclosures. These disclosures are intended to help meet the information needs of market participants, including institutional clients and consumers of financial products, in relation to the climate-related impact and risks of the Manager's TCFD in-scope business. The product level report on the Company is available on the Manager's website at: **invtrusts.co.uk**.

Viability Statement

The Board considers that the Company is a long-term investment vehicle and, for the purposes of this statement, has decided that three years is an appropriate period over which to consider its viability. The Board considers this to be an appropriate period for an investment trust company with a portfolio of equity investments, and the financial position of the Company.

Taking into account the Company's current financial position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report.

In assessing the viability of the Company over the review period, the Directors have focused upon the following factors:

- The principal risks and uncertainties detailed on pages 19 to 21 and the steps taken to mitigate these risks.
- All of the Company's investments are traded on major stock exchanges and there is a spread of investments held.
- The Company is closed ended in nature and therefore it is not required to sell investments when shareholders wish to sell their shares.
- The performance of the Company's share price relative to its net asset value during the financial year. The share price discount increased from 0.2% at 30 September 2023 to 3.0% at 30 September 2024, and the share price traded at a small premium to NAV during the year.
- The Company's main liability is its bank loan of £22.5 million (2023: £21 million), which represents net gearing of 13.0% (2023: 11.3%). This is drawn from a £30 million (2023: £30 million) revolving credit facility with The Royal Bank of Scotland International Limited, London Branch, which was refinanced in June 2023 and is due to expire in June 2026.
- The Company' s cash balance, and money market funds, at 30 September 2024 amounted to £1.9 million (2023: £4.2 million).
- The levels of ongoing charges of 0.86% (2023: 0.94%).
- Shareholders' overwhelming voting in favour of the continuation of the Company at the Annual General Meeting in February 2022. The next continuation vote is due to take place at the Annual General Meeting to be held in 2027.

When considering the risks, the Board reviewed the impact of stress testing on the portfolio, including the effects of any future falls in investment values. The Board has also had regard to matters such as a reduction in the income generated in the portfolio, a material increase in interest rates, a reduction in the liquidity of the portfolio or changes in investor sentiment, all of which could have an impact on the Company's prospects and viability in the future. The results of the stress tests have given the Board comfort over the viability of the Company.

Taking into account all of these factors, the Company's current position and the potential impact of the principal risks and uncertainties faced by the Company, the Board has concluded that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of this assessment to 30 September 2027.

In assessing the Company's future viability, the Board has assumed that investors will wish to continue to have exposure to the Company's activities, in the form of a closed ended entity, the Company's long-term performance is satisfactory, and the Company will continue to have access to sufficient capital.

Future Strategy

The Board intends to maintain the Company's strategy set out in the Strategic Report for the year ending 30 September 2025 as it is believed that these are in the best interests of shareholders.

On behalf of the Board
Sarika Patel
Chair
27 November 2024

Promoting the Success of the Company

How the Board Meets its Obligations under Section 172 of the Companies Act 2006

The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under Section 172 (1) of the Companies Act 2006 (the "Section 172 Statement"). This statement provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The Board takes its role very seriously in representing the interests of the Company's shareholders. The Board which, at the year end, comprised four independent Non-Executive Directors collectively has a broad range of skills and experience across all major functions that affect the Company. The Board is responsible for taking all decisions relating to the Company's investment objective and policy, gearing, corporate governance, and strategy, and for monitoring the performance of the Company's service providers.

The Board ensures that the Company operates in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in debate to achieve the expectations of shareholders and other stakeholders alike. The Board works very closely with the Manager in reviewing how issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

How the Board Engages with Stakeholders

The Board's main stakeholders have been identified as its shareholders, the Manager and the Investment Manager, service providers, investee companies, debt providers and the community at large and the environment.

A summary of the Board's approach to engagement with stakeholders is set out below.

Stakeholder	How We Engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly to all shareholders. The Manager and the Company's broker regularly meet with current and prospective shareholders to discuss performance and shareholder feedback is discussed by the Directors at Board meetings. In addition, Directors have an opportunity to meet shareholders at the Annual General Meeting. The Company subscribes to abrdn's investor relations programme in order to maintain communication channels with the Company's shareholder base. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, Company announcements, including daily net asset value announcements, and the Company's website. The Company's Annual General Meeting provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. The Board encourages as many shareholders as possible to attend the Company's Annual General Meeting and to provide feedback on the Company.

Promoting the Success of the Company

Continued

Stakeholder	How We Engage
Manager (and Investment Manager)	The Portfolio Manager's Review on pages 9 to 14 details the key investment decisions taken during the year. The Company has appointed abrdn Fund Managers Limited ("AFML") as the Company's Manager, or AIFM, which sub-delegates investment management to abrdn Investment Management Limited, which is known as the Investment Manager. The Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with oversight provided by the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Manager at every Board meeting to help it to exercise effective oversight of the Manager and the Company's strategy. The Board, through the Remuneration & Management Engagement Committee, formally reviews the performance of the Manager at least annually. More details are provided on page 47.
Service Providers	The Board seeks to maintain constructive relationships with the Company's suppliers either directly or through the Manager with regular communications and meetings. The Remuneration & Management Engagement Committee conducts an annual review of the performance, terms, and conditions of the Company's main service providers to ensure they are performing in line with Board expectations, carrying out their responsibilities and providing value for money.
Investee Companies	The Board has delegated responsibility for monitoring the activities of portfolio companies to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues. Through engagement and exercising voting rights, the Manager actively works with companies to improve corporate standards, transparency, and accountability. Further details are provided on pages 16 and 17. The Board monitors investments made and divested and questions the rationale for investment and voting decisions made.
Debt Providers	On behalf of the Board, the Manager maintains a positive working relationship with The Royal Bank of Scotland International Limited, London Branch, the provider of the Company's loan facility, and provides regular updates on business activity and compliance with its loan covenants.
Environment and Community	The Board and Manager are committed to investing in a responsible manner and the Manager includes Environmental, Social and Governance ("ESG") considerations into the research and analysis as part of the investment decision-making process. Through the Investment Manager, the Board encourages improvements in ESG practices and disclosures. Further details are provided on page 16.

Specific Examples of Stakeholder Consideration during the Year

The importance of giving due consideration to the Company's stakeholders is not a new requirement and is considered as part of every Board decision.

The Board considers its stakeholders at Board meetings and receives feedback on the Investment Manager's interactions with them.

The Directors were particularly mindful of stakeholder considerations when considering the following items during the year ended 30 September 2024:

Portfolio

The Portfolio Manager's Review on pages 9 to 14 details the key investment decisions taken during the year. The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective and is reviewed at every Board Meeting. The Board also discusses the performance in detail with the Portfolio Manager on a regular basis.

Dividend

The Board has determined the payment of a fourth interim dividend for the year of 5.8 pence per Ordinary share. Following payment of the fourth interim dividend, total dividends for the year will amount to 22.9 pence per Ordinary share, a small increase compared to the previous year. In setting the level of the dividend, the Board has balanced the need to deliver an increase to shareholders and continuing the process of rebuilding the revenue reserve, which was depleted during the height of Covid-19. Following payment of the fourth interim dividend, and based on current shares in issue, 0.14 pence per share will be transferred to revenue reserves.

Promoting the Company

On 26 January 2024, the Board hosted an online investor presentation where the Portfolio Manager provided an update on the portfolio, and the Chair and Portfolio Manager answered questions from the audience. Over 250 investors signed up to the event. On 29 August 2024, the Company hosted a meeting for large shareholders at which members of the Board were present and at which the Portfolio Manager provided an update. Both these events gave the Directors the opportunity to hear the views of shareholders first hand.

Pre-AGM Online Investor Event

The Board will be hosting an Online Investor Presentation, which will be held at 11:30am on Tuesday, 28 January 2025. At this event there will be a presentation from the Portfolio Manager followed by an opportunity to ask live questions of the Portfolio Manager and the Chair. The online presentation is being held ahead of the Annual General Meeting to allow shareholders time to submit their proxy votes after the presentation but prior to the Annual General Meeting should they so wish. Full details on how to register for the online event can be found on the Company's website at **abrdnequityincome.com**.

Issuance and Buy-Back of Shares

During the year, the Company issued 135,000 Ordinary shares from treasury to meet investor demand, at a premium to the prevailing net asset value. The Company did not buy-back any shares in the year.

The Board believes that the selective use of issuing share and share buybacks from treasury, when circumstances dictate, is in the best interest of all shareholders.

On behalf of the Board
Sarika Patel
Chair
27 November 2024

Results

Highlights

	30 September 2024	30 September 2023	% change
Capital			
Net asset value per Ordinary share	**331.5p**	314.6p	5.4%
Ordinary share price	**321.5p**	314.0p	2.4%
Reference Index capital return[C]	**4,511.0**	4,127.2	9.3%
Discount of Ordinary share price to net asset value[A]	**3.0%**	0.2%	
Total assets (as defined on page 96)	**£180.9m**	£170.8m	5.9%
Shareholders' funds	**£158.4m**	£149.9m	5.7%
Gearing			
Net gearing[A]	**13.0%**	11.3%	
Earnings and Dividends			
Revenue return per Ordinary share	**23.05p**	23.43p	–1.6%
Total dividends for the year	**22.90p**	22.80p	0.4%
Dividend yield[A]	**7.1%**	7.3%	
Expenses			
Ongoing charges ratio[AB]	**0.86%**	0.94%	

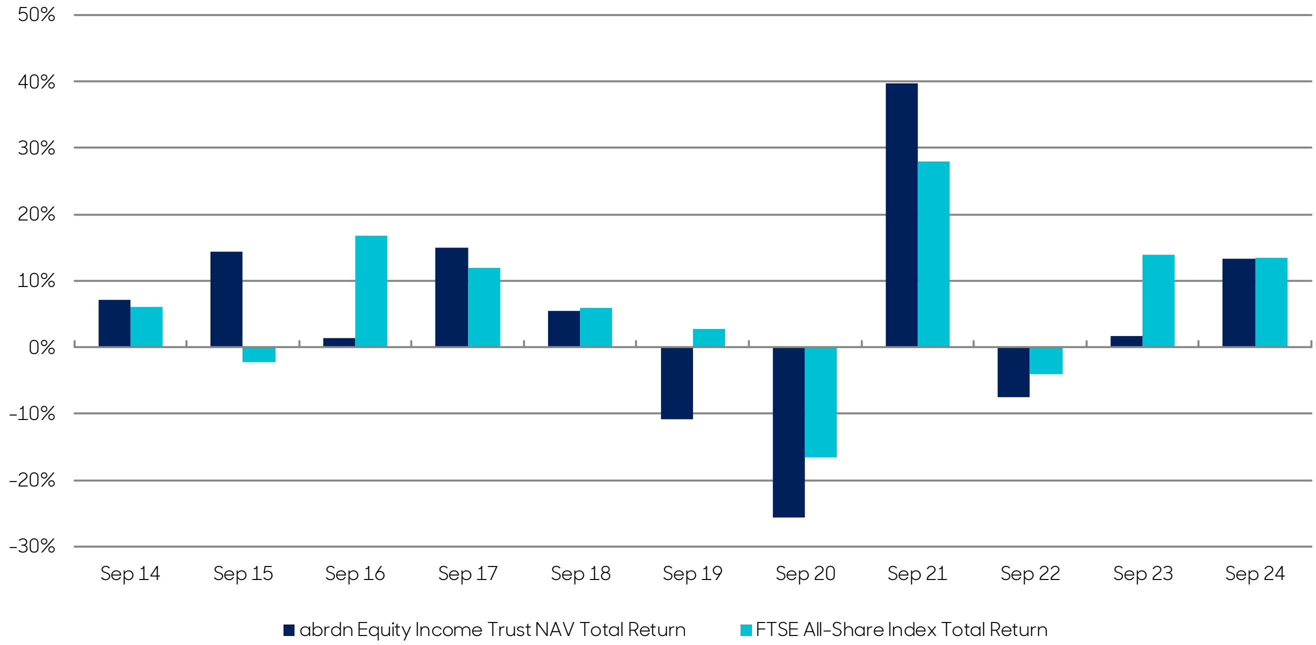
[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 87 to 89.
[B] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.
[C] FTSE All-Share Index

Performance (total return)

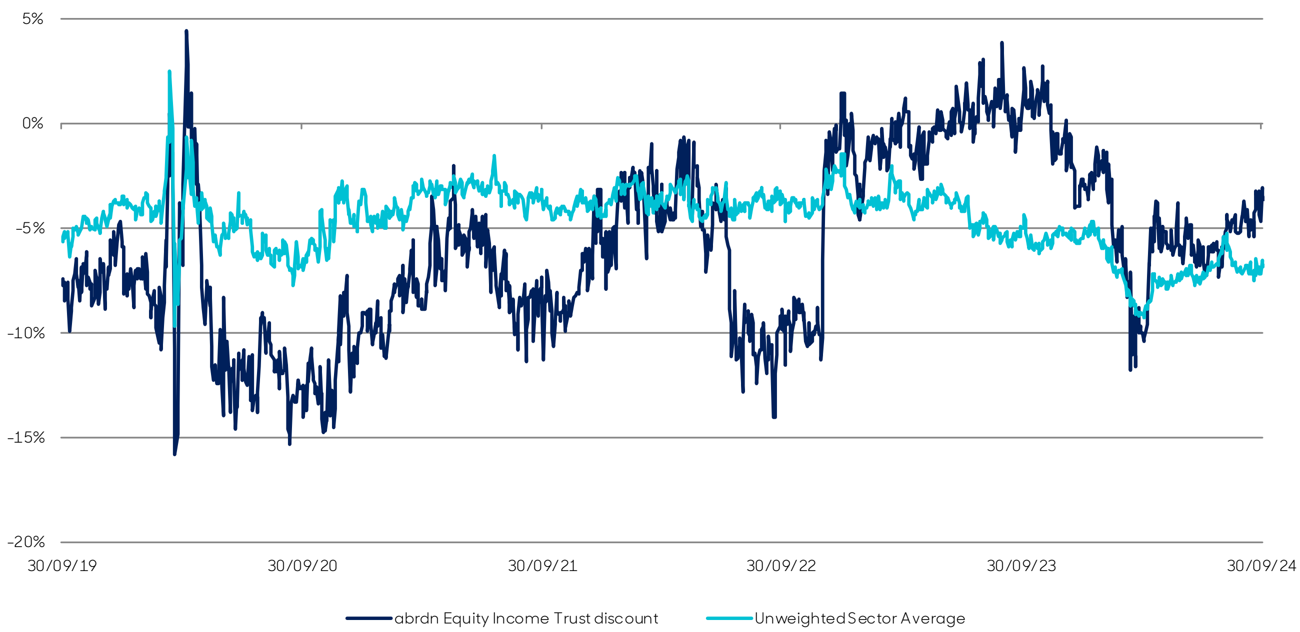
30 September 2024	1 year %	3 years %	5 years %	10 years %
Net asset value[A]	13.3	6.5	10.7	38.9
Share price[A]	10.4	13.3	17.7	39.0
Reference Index[B]	13.4	23.9	32.2	83.6

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 89.
[B] FTSE All-Share Index.
Source: abrdn/Morningstar/Factset

Annual total returns of abrdn Equity Income Trust NAV and FTSE All-Share Index September 2014– 2024



abrdn Equity Income Trust Premium/(Discount) relative to the UK Equity Income unweighted sector average since 30 September 2019



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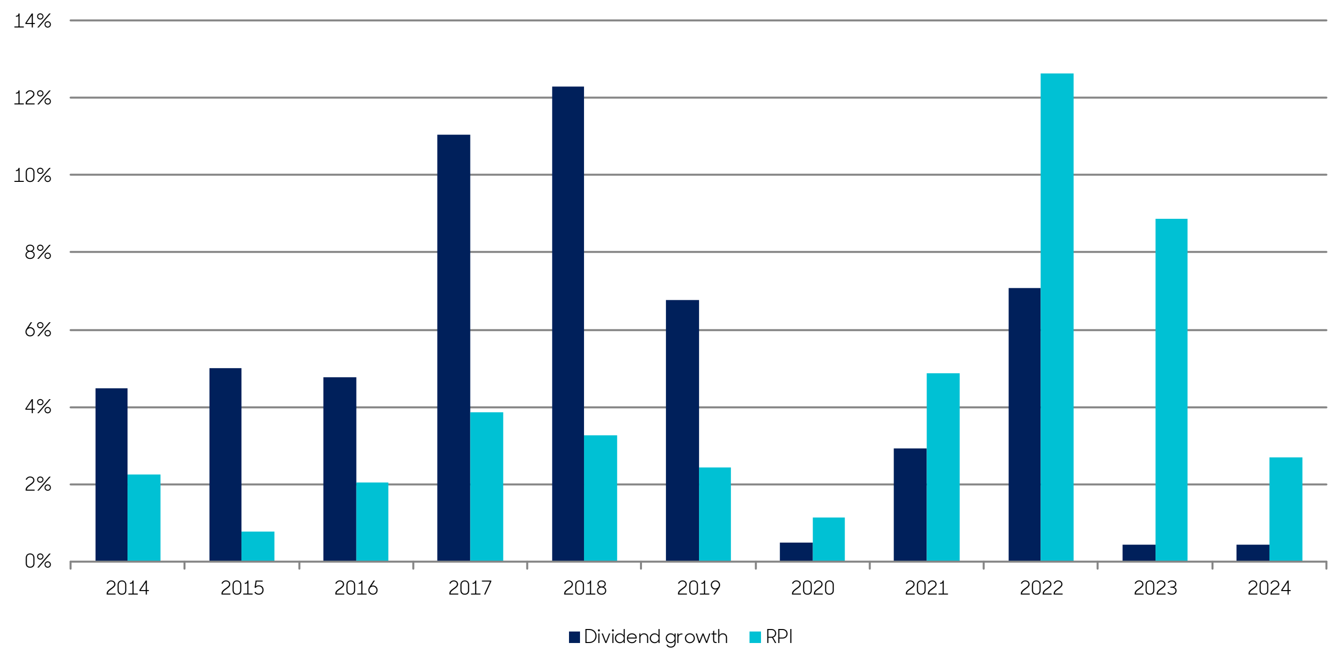
Annual Dividend Growth versus Retail Price Index since 2014



Ten Year Financial Record

Year ended 30 September	Gross revenue £'000	Revenue available for Ordinary shareholders £'000	Revenue return p	Ordinary dividends p	Net asset value[A] p	Share price p	Discount[AB] %	Ongoing charges[BC] %	Net gearing / (cash)[B] %	Equity shareholders' funds £m	Revenue reserves[D] (£m)
2015	6,107	5,361	17.18	14.70	440.7	439.0	0.4	0.94	7.7	195.6	6.88
2016	7,084	6,214	17.92	15.40	431.5	412.4	4.4	0.96	7.5	199.7	8.15
2017	7,957	7,044	19.23	17.10	478.6[E]	459.6	4.8	0.87	9.9	235.3[E]	9.41
2018	11,893	10,846	22.06	19.20	485.0	473.0	2.5	0.87	12.1	238.4	10.82
2019	11,791	10,687	21.74	20.50	411.8	381.5	7.4	0.91	13.7	201.5	11.58
2020	8,730	7,614	15.61	20.60	288.0	252.0	12.5	0.92	13.3	139.2	8.75
2021	10,642	9,693	20.06	21.20	380.8	349.0	8.4	0.93	13.5	182.9	8.49
2022	13,517	12,244	25.51	22.70	331.8	302.5	8.8	0.91	15.0	157.5	10.27
2023	12,598	11,109	23.43	22.80	314.6	314.0	0.2	0.94	11.3	149.9	10.18
2024	**12,735**	**11,010**	**23.05**	**22.90**	**331.5**	**321.5**	**3.0**	**0.86**	**13.0**	**158.4**	**10.30**

[A] Diluted for the effect of Subscription shares in issue for the year ended 30 September 2012 to 30 September 2016.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 87 to 89.
[C] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis. The figure for 30 September 2020 has been restated in accordance with this guidance.
[D] Revenue reserves are reported prior to paying the final dividend or fourth interim dividend in each year. For 2017 only, reserves are reported after having deducted the third interim dividend.
[E] The 2017 Net Asset Value is calculated under Financial Reporting Standards, but includes an adjustment for the third interim dividend which had been declared, but not paid, at the year end.

Portfolio

The portfolio is invested on an index-agnostic basis. The process is based on bottom-up stock picking approach where sector allocations are a function of the sum of the stock selection decisions, constrained only by appropriate risk control parameters.

Ten Largest Investments

As at 30 September 2024

Imperial Brands

Imperial Brands is a global consumer goods company that manufactures, markets and distributes tobacco products across approximately 120 markets.

National Grid

National Grid is a utility company which is focused on the transmission and distribution of electricity and gas in Great Britain and the United States.

BHP

BHP is a diversified resources group with a global portfolio of high-quality assets, focusing on iron ore, petroleum and copper.

British American Tobacco

British American Tobacco sells combustible tobacco products in more than 50 countries around the world, as well as a growing portfolio of non-combustible products such as vapour and tobacco heating products.

Berkeley Group

Berkeley Group is a UK homebuilder specialising in large-scale residential-led brownfield redevelopment projects with a particular focus on the London, Birmingham, and south of England housing markets.

BP

BP is an oil and petrochemicals company. The company explores for and produces oil and natural gas, refines, markets, and supplies petroleum products, generates renewable energy, and manufactures and markets chemicals.

Rio Tinto

Rio Tinto is a leading global mining group that focuses on finding, mining and processing mineral resources, with a focus on iron ore and aluminium.

Conduit Holdings

Conduit is a Bermuda-based reinsurer with a diversified portfolio across Property, Casualty and Specialty.

SSE

SSE engages in the generation, transmission, distribution and supply of electricity and the production, storage, distribution and supply of gas.

Legal & General

Legal & General is a leading UK financial services provider, offering life insurance, pensions, retirement and investment services.

Investment Portfolio

As at 30 September 2024

Stock	Key Sector	Valuation as at 30 September 2024 £'000	Weight %	Valuation as at 30 September 2023 £'000
Imperial Brands	Tobacco	8,462	4.8	4,945
National Grid	Gas, Water and Multi-utilities	7,376	4.1	6,160
BHP	Industrial Metals and Mining	7,239	4.1	4,612
British American Tobacco	Tobacco	6,900	3.9	3,127
Berkeley Group	Household Goods and Home Construction	6,812	3.8	–
BP	Oil, Gas and Coal	6,515	3.7	8,862
Rio Tinto	Industrial Metals and Mining	6,136	3.5	3,686
Conduit Holdings	Non-life Insurance	5,778	3.2	4,267
SSE	Electricity	5,575	3.1	7,294
Legal & General	Life Insurance	5,551	3.1	3,051
Top ten investments		**66,344**	**37.3**	
Petershill Partners	Investment Banking and Brokerage Services	5,125	2.9	1,999
M&G	Investment Banking and Brokerage Services	5,022	2.8	–
CMC Markets	Investment Banking and Brokerage Services	4,852	2.7	2,146
Barclays	Banks	4,430	2.5	5,420
HSBC	Banks	4,347	2.4	4,400
OSB Group	Finance and Credit Services	4,128	2.3	3,476
Shell	Oil, Gas and Coal	4,056	2.3	8,771
TP ICAP	Investment Banking and Brokerage Services	3,975	2.2	1,987
Assura	Real Estate Investment Trusts	3,910	2.2	–
Galliford Try	Construction and Materials	3,823	2.2	2,532
Top twenty investments		**110,012**	**61.8**	
Chesnara	Life Insurance	3,490	2.0	3,763
Drax	Electricity	2,986	1.7	–
Ithaca Energy	Oil, Gas and Coal	2,947	1.6	2,776
Quilter	Investment Banking and Brokerage Services	2,940	1.6	1,898
Glencore	Industrial Metals and Mining	2,924	1.6	6,210
Diversified Energy	Oil, Gas and Coal	2,811	1.6	5,373
International Personal Finance	Finance and Credit Services	2,801	1.6	2,368
BAE Systems	Aerospace and Defence	2,702	1.5	3,102

Investment Portfolio

Continued

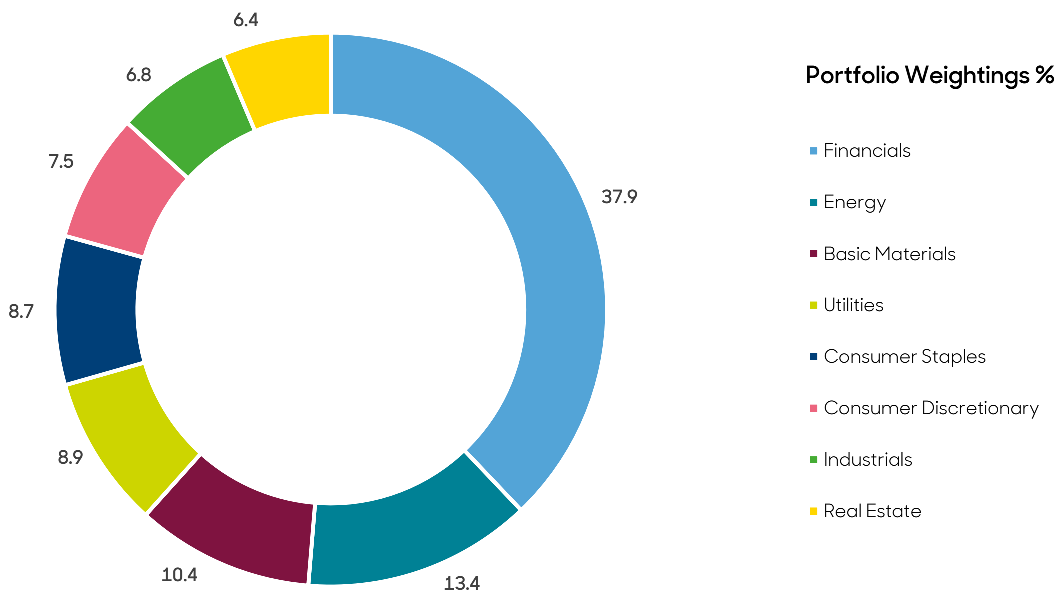
As at 30 September 2024

Stock	Key Sector	Valuation as at 30 September 2024 £'000	Weight %	Valuation as at 30 September 2023 £'000
Thungela Resources	Oil, Gas and Coal	2,601	1.5	4,122
Harbour Energy	Oil, Gas and Coal	2,459	1.4	1,366
Top thirty investments		**138,673**	**77.9**	
NatWest Group	Banks	2,450	1.4	5,194
Close Brothers	Banks	2,448	1.4	5,604
Real Estate Investors	Real Estate Investment Trusts	2,394	1.4	2,020
Speedy Hire	Industrial Transportation	2,388	1.4	1,615
Barratt Redrow	Household Goods and Home Construction	2,380	1.3	–
Energean	Oil, Gas and Coal	2,375	1.3	–
DFS Furniture	Retailers	2,248	1.3	2,014
Johnson Matthey	Chemicals	2,210	1.2	–
Sabre Insurance	Non-life Insurance	2,194	1.2	–
Inchcape	Industrial Support Services	2,021	1.1	–
Top forty investments		**161,781**	**90.9**	
Crest Nicholson	Household Goods and Home Construction	1,992	1.1	–
Standard Chartered	Banks	1,922	1.1	2,555
LondonMetric	Real Estate Investment Trusts	1,889	1.1	2,849
Litigation Capital	Investment Banking and Brokerage Services	1,844	1.0	2,268
Phoenix	Life Insurance	1,705	1.0	1,471
Sirius Real Estate	Real Estate Investment Trusts	1,638	0.9	–
CLS Holdings	Real Estate Investment and Services	1,391	0.8	1,085
Ashmore	Investment Banking and Brokerage Services	1,338	0.8	1,517
Man Group	Investment Banking and Brokerage Services	1,334	0.7	–
Smurfit Kappa	General Industrials	1,144	0.6	–
Top fifty investments		**177,978**	**100.0**	
Total Portfolio		**177,978**	**100.0**	

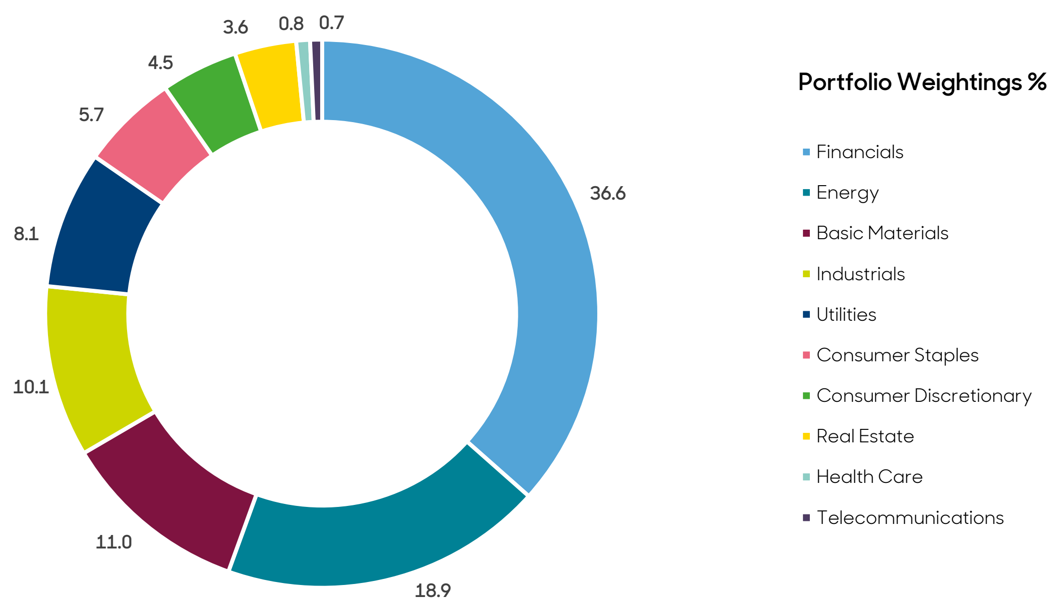
All investments are equity investments.

Sector Distribution

As at 30 September 2024



As at 30 September 2023



Investment Case Studies

Berkeley Group (3.8% of the portfolio)

Berkeley Group is a UK housebuilder that was founded in 1976. The management team is regarded as one of the best in the entire UK stock market. The current CEO, Rob Perrins, joined Berkeley in 1994 and took over from the founder, Tony Pidgley, in 2009. Berkeley is focused on London and the South-East of England, having sold its regional business in 2003. It is currently developing 36 sites in London and 34 sites outside London. The superior returns generated by Berkeley in the past two decades can be attributed to its long-term approach to its housing developments, having a very large land-bank and excellent order book visibility. Berkeley is unusual in having expertise in developing large brownfield regeneration sites. As one of the only housebuilders prepared to take on these projects, this puts it in a strong position to acquire the land at low cost, with an average plot cost of just £49,000 compared with typical selling prices well over £500,000, supporting Return on Equity of around 15% through the cycle.

Berkeley has particularly good visibility on its order book thanks to the global appeal of its high-end London homes. Berkeley has developed strong distribution in Asia where buyers are often willing to place orders for its homes off-plan. The company's focus on London and the South-East reflects the management team's view that this part of the UK will continue to see the greatest upward pressure on house prices due to the mismatch between rising demand for new homes and constrained supply. At the time of the 2024 results, the CEO commented on the collapse in recent years caused by a combination of factors including geopolitical disruption, political uncertainty and planning policy complexities. His view is that, without focused policy intervention, the UK could be heading towards just 100,000 new homes by 2026, compared with the stated ambition of the UK Government to achieve 300,000 new homes.

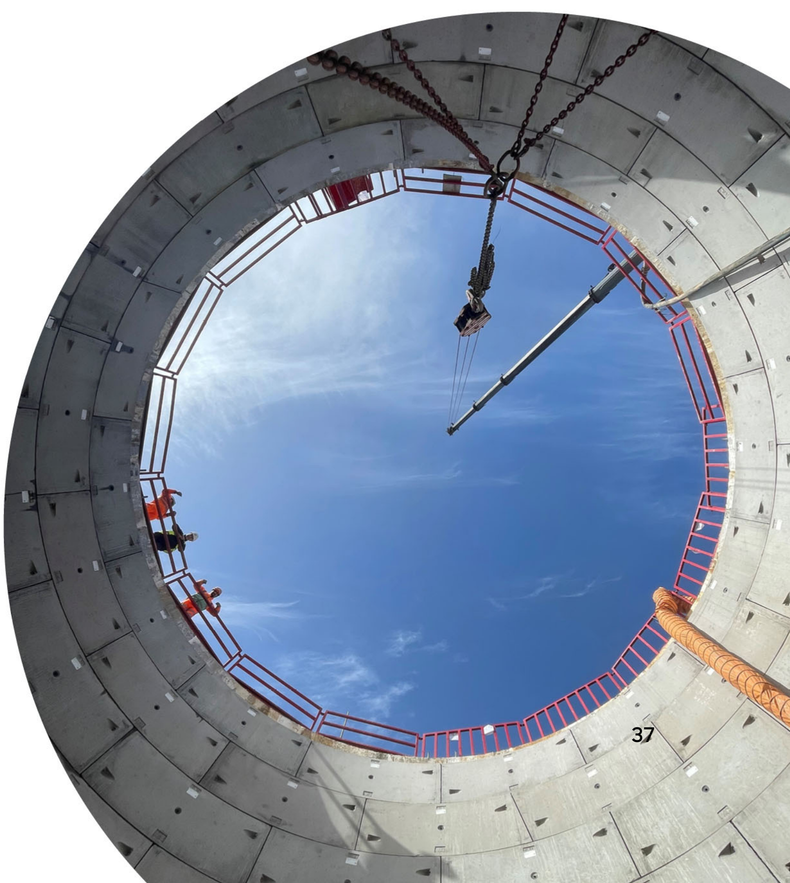
Berkeley's strong balance sheet and high returns allows the company to announce significant capital returns, including regular special dividends. This has continued in recent years despite the tougher economic backdrop. The CEO takes the view that Berkeley should retain the flexibility to pursue growth or increase shareholder returns, depending on the stage of the cycle. In its most recent results, management announced a large special dividend of £283 million, as well as investing in medium term projects such as a new Build to Rent initiative that will deliver the first new homes in 2027. Analysts are forecasting that Berkeley will return over a quarter of its market capitalisation in the three years to April 2027, underlining the reliable, cash generative nature of the business. The share price valuation appears attractive, trading at 1.4x NAV, towards the bottom of its 15-year range of 1.2x to 2.7x NAV. The catalyst for a re-rating is likely to be a pick-up in demand, as the economy improves, or an improvement in the planning system. The Portfolio Manager bought a new holding in Berkeley Group in the second half of the financial year, attracted by the visibility of its cash flows and the potential to deliver positive surprises in the years to come as activity levels pick up.

Galliford Try (2.2% of the portfolio)

Galliford Try is a leading UK construction business focused on three areas – Building, Infrastructure and Specialist Services. The business became a stand-alone construction group in 2020 when it de-merged its housebuilding business, Linden Homes to Bovis Homes, to create Vistry. At the time of the de-merger, Galliford Try received a £300 million cash payment from Vistry and also transferred its debt to Vistry. This was important as it left Galliford Try as a well-capitalised business, regarded by its customers as a reliable counterparty and therefore putting it in a strong position to win positions on long-term frameworks within the public sector and regulated industries. These frameworks provide excellent revenue visibility, with 92% of FY25 revenues and 70% of FY26 revenues already secured at the time of its FY24 results in mid-2024. The strong balance sheet also allowed the company to become an industry leader on the treatment of its suppliers, making a commitment to prompt payment of invoices, thereby underlining its commitment to ESG.

Galliford Try originally set ambitious targets in 2021, seeking to grow revenues from £1.1 billion to £1.6 billion and operating margin from 2.0% to 3.0% by 2026. Having achieved these targets two years early, the company announced new targets at its Capital Markets Day in May 2024. The CEO set out upgraded revenue and operating margin targets - £2.2 billion revenues and 4.0% operating margin. The Portfolio Manager's confidence that Galliford Try can achieve these targets is based on a number of factors. The market backdrop has improved in recent years, with the entire industry shifting towards greater pricing discipline, after a series of high-profile company failures in the previous decade caused by over-indebted balance sheets and over-aggressive assumptions when bidding on contracts. Galliford Try has taken a conservative approach to risk management, ensuring appropriate terms and conditions when bidding on contracts, sticking carefully to minimum margin thresholds and requiring board approval for larger bids. The growing need to upgrade the UK's deteriorating infrastructure has created a large number of bidding opportunities, meaning that Galliford Try can be extremely selective when choosing which contracts it will accept. This has driven its focus on low-risk contracts in the public sector, with a focus on sectors such as Water where there is a huge runway for growth. Galliford Try is also moving up the value chain, using its incumbent position in Building and Infrastructure to grow in Specialist Services such as fire protection. It has also re-established itself in Affordable Homes, which is a division where it has historic expertise, having operated in this area before selling the division to Bovis at the time of the de-merger.

The Portfolio Manager considers Galliford Try to be a good example of how it can deliver for our shareholders on both income and capital growth. The dividend outlook is supported by the strong balance sheet and high revenue visibility. This has allowed the management team to announce special dividends and buybacks, alongside an attractive ordinary dividend (dividend yield around 5%). The share price is supported by the strong earnings growth outlook, while the Portfolio Manager also sees potential for valuation re-rating, as the low-teens Price/Earnings ratio does not reflect the growth potential. The new 2030 targets would imply mid-high teens earnings and dividend growth by 2030. The share price is also supported by cash and infrastructure investments of 208p/share. The Portfolio Manager added to the holding in February 2020, shortly after the de-merger of Linden Homes, and purchased more shares in October/November 2023 as it gained conviction in the delivery of the strategic plan.



Governance

The Board of Directors of the Company is a highly experienced group of individuals with deep insights into investment trusts and the financial services industry. The Board works closely with the Manager to deliver shareholder value.

The Board is responsible for stewardship, including overall strategy, investment policy, borrowings, dividends, corporate governance procedures and risk management.

Board of Directors

Sarika Patel

Independent Non-Executive Chair

Appointment

Appointed a Director on 1 November 2019 and as Chair on 2 February 2023.

Experience:

Sarika Patel is a business leader with nearly 30 years' experience. She is a Chartered Accountant and a Chartered Marketer. Sarika is a non-executive director of SDCL Energy Efficiency Income Trust plc.

Previously a partner at Zeus Caps, Sarika has been on a host of public and private sector boards. She is currently Chair of Action for Children, one of the UK's leading charities for children, and a Board Member of the Office for Nuclear Regulation where she chairs the Audit, Risk and Assurance Committee.

Committee membership:

Audit Committee and Remuneration & Management Engagement Committee.

Contribution:

The Board has reviewed the contribution of Sarika Patel in light of her proposed re-election at the Annual General Meeting and has concluded that she is an excellent Chair. She is in full command of the governance and technical issues and adept in bringing the Directors together to develop a Board view.

Caroline Hitch

Senior Independent Non-Executive Director

Appointment

Appointed a Director on 1 January 2017 and Senior Independent Director on 20 February 2024.

Experience:

Caroline Hitch is also Chair of CQS New City High Yield Fund Ltd. Her career in financial services was mainly with the HSBC Group and most recently she was Head of Wealth Portfolio Management at HSBC's asset management arm with investment responsibility for its flagship retail multi asset funds. She has worked in London, Jersey, Monaco and Hong Kong.

Committee membership:

Audit Committee and Remuneration & Management Engagement Committee.

Contribution:

The Board has reviewed the contribution of Caroline Hitch in light of her proposed re-election at the Annual General Meeting. The Board has concluded that she continues to bring significant investment insight to the Board and knowledge of the investment management sector.

Mark Little

Independent Non-Executive Director and Chair of the Audit Committee

Appointment

Appointed a Director on 1 August 2022 and as Chair of the Audit Committee on 2 February 2023.

Experience:

Mark Little is a non-executive director and also chairs the audit committees of BlackRock Smaller Companies Trust plc, Majedie Investments Plc and Fidelity Emerging Markets Limited.

Mark was previously Investment Director at Seven Investment Management, and a non-executive director (and audit committee chairman) of Sanditon Investment Trust plc and Securities Trust of Scotland plc. He began his career in the investment industry as a fund manager with Scottish Widows Investment Management after qualifying in 1991 as a Chartered Accountant with Price Waterhouse. He subsequently worked as Global Head of Automotive Research for Deutsche Bank and Managing Director of Barclays Wealth (Scotland and Northern Ireland), a position that he held for eight years until 2013.

Committee membership:

Audit Committee (Chair) and Remuneration & Management Engagement Committee.

Contribution:

The Board has reviewed the contribution of Mark Little in light of his proposed re-election at the Annual General Meeting. The Board has concluded that he is an effective Chair of the Audit Committee Chair and brings investment trust experience and investment insights into all Board discussions.

Nick Timberlake

Independent Non-Executive Director and Chair of the Remuneration & Management Engagement Committee

Appointment

Appointed a Director on 1 August 2023 and as Chair of the Remuneration & Management Engagement Committee on 20 February 2024.

Experience:

Nick Timberlake is a non-executive director of India Capital Growth Fund and CT Automotive plc.

Nick has over 30 years' experience in the asset management industry as a portfolio manager. He was with HSBC Global Asset Management between 2005 and 2020, initially as Global Head of Emerging Markets Equities and then Head of Equities. Previously he was a Director of F&C Investment Management and has spent the last 30 years investing in equities. He is a partner in Panorama Property Investments LLP and is a member of the CFA Institute and CFA Society of the UK.

Committee membership:

Audit Committee and Remuneration & Management Engagement Committee (Chair).

Contribution:

The Board has reviewed the contribution of Nick Timberlake in light of his proposed re-election at the Annual General Meeting. The Board has concluded that he is an effective Chair of the Remuneration & Management Engagement Committee and contributes effectively to Board discussions.

Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 30 September 2024.

Results and Dividends

The financial statements for the year ended 30 September 2024 are contained on pages 68 to 86. Interim dividends of 5.7 pence per share were paid in March, June and September 2024. The Board has declared that a fourth interim dividend for the year to 30 September 2024 of 5.8 pence per share is payable on 10 January 2025 to shareholders on the register on 6 December 2024. The ex-dividend date is 5 December 2024.

Principal Activity and Status

The Company is registered as a public limited company in England and Wales under company number 2648152. The Company is an investment company within the meaning of Section 833 of the Companies Act 2006, carries on business as an investment trust and is a member of the Association of Investment Companies.

The Company has applied for and has been accepted as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 October 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

The Company intends to manage its affairs so that its Ordinary shares continue to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account.

Capital Structure and Voting Rights

The Company's issued share capital at 30 September 2024 consisted of 47,781,522 Ordinary shares of 25 pence each (2023: 47,646,522) and there were 1,397,245 Ordinary shares held in treasury (2023: 1,532,245), representing 2.8% (2023: 3.1%) of the issued share capital as at that date.

During the year, no Ordinary shares were bought back into treasury (2023: 100,417) and 135,000 Ordinary shares were issued from treasury (2023: 275,000).

There have been no changes to the Company's capital structure or voting rights since the year end.

At a general meeting of the Company, each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held.

Management Agreement

The Company has appointed abrdn Fund Managers Limited ("AFML"), a wholly owned subsidiary of abrdn plc, as its alternative investment fund manager (the "Manager"). AFML has been appointed to provide investment management, risk management, administration and company secretarial services, and promotional activities to the Company. The Company's portfolio is managed by abrdn Investment Management Limited (the "Investment Manager") by way of a group delegation agreement in place between AFML and the Investment Manager.

In addition, AFML has sub-delegated administrative and secretarial services to abrdn Holdings Limited.

With effect from 1 October 2023, the Company's management fee is calculated as 0.55% of net assets (previously the Company's management fee was calculated as 0.65% per annum of net assets up to £175 million and at a rate of 0.55% of net assets above this threshold).

The Manager also receives a separate fee for the provision of promotional activities to the Company.

Further details of the fees payable to the Manager are shown in notes 3 and 4 to the financial statements.

The management agreement is terminable on not less than six months' notice. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

External Agencies

The Board has contractually delegated to external agencies, including the Manager and other service providers, certain services including: the management of the investment portfolio, the day-to-day accounting and company secretarial requirements, the depositary services (which include the custody and safeguarding of the Company's assets) and the share registration services. 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. In addition, ad hoc reports and information are supplied to the Board as requested.

Substantial Interests

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure, Guidance and Transparency Rules are published by the Company via a Regulatory Information Service.

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware as at 30 September 2024.

Shareholder	Number of Ordinary shares	% held
Hargreaves Lansdown	11,995,187	25.1
Interactive Investor	11,962,449	25.0
A J Bell	3,091,579	6.5
Charles Stanley	2,916,174	6.1
HSDL	2,712,616	5.7

The Company has not been notified of any changes to these holdings as at the date of this Report.

Directors

Biographies of the Directors of the Company are shown on pages 40 and 41.

Sarika Patel is the Chair, Caroline Hitch is the Senior Independent Director, Mark Little is Chair of the Audit Committee and Nick Timberlake is Chair of the Remuneration & Management Engagement Committee.

The Chair is responsible for providing effective leadership to the Board, by setting the tone of the Company, demonstrating objective judgement and promoting a culture of openness and debate. The Chair facilitates effective contribution from each Director and encourages active engagement. In conjunction with the Company Secretary, the Chair ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chair acts upon the results of the Board evaluation process by recognising strengths and addressing any weaknesses and also ensures that the Board engages with major shareholders and that all Directors understand shareholder views.

The Senior Independent Director acts as a sounding board for the Chair and acts as an intermediary for other Directors, when necessary. Working closely with the Remuneration & Management Engagement Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chair and leads the annual appraisal of the Chair's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

The Directors attended scheduled Board and Committee meetings during the year ended 30 September 2024 as follows (with their eligibility to attend the relevant meetings in brackets):

	Board Meetings	Audit Committee Meetings	Remuneration & Management Engagement Committee Meetings
Sarika Patel	4 (4)	2 (2)	1 (1)
Caroline Hitch	4 (4)	2 (2)	1 (1)
Mark Little	4 (4)	2 (2)	1 (1)
Nick Timberlake	4 (4)	2 (2)	1 (1)
Jeremy Tigue [A]	2 (2)	1 (1)	0 (0)

[A] Retired from the Board on 20 February 2024.

The Board meets more frequently when business needs require and met an additional four times during the financial year.

Directors' Report

Continued

All Directors will retire and being eligible, will offer themselves for re-election at the Annual General Meeting.

The Board believes that all the Directors remain independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. The biographies of each of the Directors are shown on pages 40 and 41, setting out their range of skills and experience as well as length of service and their contribution to the Board during the year. The Board believes that, collectively, it has the requisite high level and range of business, investment and financial experience to enable it to provide clear and effective leadership and proper governance of the Company. Following formal performance evaluations, each Director's performance continues to be effective and demonstrates commitment to the role, and their individual performances contribute to the long-term sustainable success of the Company. The Board therefore recommends the re-election of each of the Directors at the Annual General Meeting.

Board's Policy on Tenure

In normal circumstances, it is the Board's expectation that Directors will not serve beyond the Annual General Meeting following the ninth anniversary of their appointment. However, the Board takes the view that independence of individual Directors is not necessarily compromised by length of tenure on the Board and that continuity and experience can add significantly to the Board's strength. The Board believes that recommendation for re-election should be on an individual basis following a rigorous review which assesses the contribution made by the Director concerned, but also taking into account the need for regular refreshment and diversity.

Board Diversity Policy

The Board recognises the importance of having a range of skilled and experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, socio-economic background, religion, ethnic or national origins or disability in considering the appointment of its Directors. In view of its size, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. In doing so, the Board will take account of the targets set out in the FCA's Listing Rules, which are set out in the tables below.

The Board has resolved that the Company's year-end date is the most appropriate date for disclosure purposes. The following information has been provided by each Director through the completion of questionnaires. There have been no changes since the year end.

Board Gender as at 30 September 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	2	50%	n/a (note 3)	n/a (note 3)	n/a (note 3)
Women	2	50% (note 1)			

Board Ethnic Background as at 30 September 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	3	75%	n/a (note 3)	n/a (note 3)	n/a (note 3)
Asian	1 (note 2)	25%			

Notes:

1. Meets the target that at least 40% of Directors are women as set out in UKLR6.6.6(9)(a)(i)
2. Meets the target that at least one individual on the Board is from a minority ethnic background as set out in UKLR6.6.6(9)(a)(iii)
3. This column is not applicable as the Company is externally managed and does not have any Executive staff. Specifically, it does not have a CEO or CFO. The Company considers that the roles of Chairman of the Board, Senior Independent Director and Chairs of the Audit Committee and Remuneration & Management Engagement Committee are senior Board positions and, accordingly, that the Company meets the requirements that at least one of the senior Board positions is held by a woman as set out in LR.6.6.6(9)(a)(ii)

Directors' and Officers' Liability Insurance

The Company's Articles of Association provide for each of the Directors to be indemnified out of the assets of the Company against any liabilities incurred by them as a Director of the Company in defending proceedings, or in connection with any application to the Court in which relief is granted. Directors' and Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, each Director prepares a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his or her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although all Directors are issued with letters of appointment. There were no contracts during, or at the end of the year, in which any Director was interested.

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 group-wide zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Manager's anti-bribery and corruption policies are available on its website.

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

Financial Instruments

The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 15 to the financial statements.

Corporate Governance

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 has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: **frc.org.uk.**

The Board has also considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: **theaic.co.uk**. It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6).
- the role and responsibility of the chief executive (provisions 9 and 14).
- requirement to establish a nomination committee and describe the work of the nomination committee (provisions 17 and 23).
- the chair shall not be a member of the audit committee (provision 24).
- the need for an internal audit function (provision 25).
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

The Board considers that these provisions, with the exception of the requirement to establish a nomination committee and describe the work of the nomination committee, 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 Board has determined that there is no need for the Company to have a standalone Nomination Committee given the number of Directors on the Board. The functions traditionally undertaken by a nomination committee are fulfilled by the Board.

The Company has therefore not reported further in respect of these provisions.

Full details of the Company's compliance with the AIC Code of Corporate Governance can be found on its website.

Board Committees

The Board has appointed two 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. The terms of reference of each of the committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit Committee

The Audit Committee's Report is contained on pages 55 to 58.

Remuneration & Management Engagement Committee

The Remuneration & Management Engagement Committee comprises the full Board and is chaired by Nick Timberlake. The main responsibilities of the Committee include:

- monitoring and evaluating the performance of the Manager.
- reviewing at least annually the continued retention of the Manager.
- reviewing at least annually the terms of appointment of the Manager including, but not limited to, the level and method of remuneration and the notice period of the Manager.
- reviewing the performance and remuneration of the other key service providers to the Company; and
- determining the Directors' remuneration policy and level of remuneration.

The Committee met once during the year to 30 September 2024 and undertook a review of the management of the Company and its performance. Following conclusion of the review, the Committee recommended to the Board that the continuing appointment of the Manager and other key service providers was in the best interests of the shareholders and the Company as a whole.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on recognised stock exchanges and are considered by the Board to be realisable within a short timescale under normal market conditions. The Board has set overall limits for borrowing and reviews regularly the Company's level of gearing, cash flow projections and compliance with banking covenants, when applicable. The Board has also performed stress testing and liquidity analysis.

The Company's Articles of Association require that at every fifth Annual General Meeting, the Directors shall propose an ordinary resolution to effect that the Company continues as an investment trust. An ordinary resolution approving the continuation of the Company for five years was passed at the Annual General Meeting on 4 February 2022. The next continuation vote will take place at the Annual General Meeting to be held in 2027.

As at 30 September 2024, the Company had a £30 million (2023: £30 million) revolving credit facility with The Royal Bank of Scotland International Limited, London Branch. £22.5 million was drawn at the end of the financial year (2023: £21 million). The revolving credit facility matures on 23 June 2026.

Directors' Report

Continued

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 15 to 24 and they believe that the Company has adequate financial resources to continue its operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise. They have also reviewed the revenue and ongoing expenses forecasts for the coming year. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the financial statements appear on page 66.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

As explained in the Audit Committee's Report on page 58, Johnston Carmichael LLP was appointed as the Company's Auditor by shareholders at the Annual General Meeting on 20 February 2024.

The Board will propose resolutions at the Annual General Meeting to re-appoint Johnston Carmichael LLP as the Company's Auditor for the ensuing year and to authorise the Directors to determine its remuneration.

Relations with Shareholders

The Directors place a great deal of importance on communications with shareholders. Shareholders and investors may obtain up to date information on the Company through its website and from the Manager by emailing **equity.income@abrdn.com**.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (including the Company Secretary or the Manager) in situations where direct communication is required, and representatives from the Manager meet with major shareholders on at least an annual basis in order to gauge their views, and report back to the Board on these meetings. In addition, the Company Secretary only acts on behalf of the Board, not the Manager, and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chair responds personally as appropriate.

The Company's Annual General Meeting provides a forum for communication primarily with private shareholders and is attended by the Board. The Manager makes a presentation to the meeting and all shareholders have the opportunity to put questions to both the Board and the Manager at the meeting. The Board will also be hosting an Online Pre-AGM Investor Session to engage directly with shareholders, regardless of their location. Details on how to register for the event are set out in the Chair's Statement on page 8.

The notice of the Annual General Meeting 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 Manager at the meeting.

Additional Information

Where not provided elsewhere in the Directors' Report, the following provides the additional information required to be disclosed by Part 15 of the Companies Act 2006.

There are no restrictions on the transfer of Ordinary shares in the Company issued by the Company other than certain restrictions which may from time to time be imposed by law (for example, the Market Abuse Regulation). The Company is not aware of any agreements between shareholders that may result in a transfer of securities and/or voting rights.

The rules governing the appointment of Directors are set out in the Directors' Remuneration Report on pages 51 to 54. The Company's Articles of Association may only be amended by a special resolution passed at a general meeting of shareholders.

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover. Other than the management agreement with the Manager, further details of which are set out on page 42, the Company is not aware of any contractual or other agreements which are essential to its business which could reasonably be expected to be disclosed in the Directors' Report.

Annual General Meeting

The Notice of the Annual General Meeting, which will be held on 18 February 2025, and related notes, may be found on pages 99 to 103.

Resolutions including the following business will be proposed.

Dividend Policy

As a result of the timing of the payment of the Company's quarterly dividends, the Company's shareholders are unable to approve a final dividend each year. In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to shareholders for approval at the Annual General Meeting each year.

The Company's dividend policy is that interim dividends on the Ordinary shares are payable quarterly in March, June, September and January each year. Resolution 3 will seek shareholder approval for the dividend policy.

Issue of Ordinary Shares

Resolution 10, which is an ordinary resolution, will, if passed, renew the Directors' authority to allot new Ordinary shares up to an aggregate nominal amount of £1,194,538, being 10% of the issued share capital of the Company (excluding treasury shares) as at 27 November 2024.

Resolution 11, which is a special resolution, will, if passed, renew the Directors' existing authority to allot new Ordinary shares or sell treasury shares for cash without the new Ordinary shares first being offered to existing shareholders in proportion to their existing holdings. This will give the Directors authority to allot Ordinary shares or sell shares from treasury on a non-pre-emptive basis for cash up to an aggregate nominal amount of £1,194,538 (representing 10% of the issued ordinary share capital of the Company (excluding treasury shares) as at 27 November 2024).

New Ordinary shares, issued under this authority, will only be issued at prices representing a premium to the last published net asset value per share.

The authorities being sought under Resolutions 10 and 11 shall expire at the conclusion of the Company's next Annual General Meeting or, if earlier, on the expiry of 15 months from the date of the passing of the resolutions, unless such authorities are renewed, varied or extended prior to such time. The Board will only rely upon these authorities if it believes that to do so would be in the best interests of shareholders as a whole

Purchase of the Company's Ordinary Shares

Resolution 12, which is a special resolution, seeks to renew the Board's authority to make market purchases of the Company's Ordinary shares in accordance with the provisions contained in the Companies Act 2006 and the FCA's Listing Rules. Accordingly, the Company will seek authority to purchase up to a maximum of 14.99% of the issued share capital (excluding treasury shares) at the date of passing of the resolution at a minimum price of 25 pence per share (being the nominal value). Under the Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of: (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the shares over the five business days immediately preceding the date of purchase; and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue on which the purchase is carried out.

The Board does not intend to use this authority to purchase the Company's Ordinary shares, unless to do so would result in an increase in the net asset value per Ordinary share and would be in the best interests of shareholders as a whole. Any Ordinary shares purchased shall either be cancelled or held in treasury. The authority being sought shall expire at the conclusion of the Company's next Annual General Meeting or, if earlier, on the expiry of 15 months from the date of the passing of the resolution unless such authority is renewed, varied or extended prior to such time.

Directors' Report

Continued

Notice of General Meetings

Under the Companies Act 2006, the notice period for the holding of general meetings of the Company is 21 clear days unless shareholders agree to a shorter notice period and certain other conditions are met. Resolution 13, which is a special resolution, will seek to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on not less than 14 clear days' notice, as permitted by the Companies Act 2006 amended by the Companies (Shareholders' Rights) Regulations 2009.

It is currently intended that this flexibility to call general meetings on shorter notice will only be used for non-routine business and where it is considered to be in the interests of all shareholders. If Resolution 13 is passed, the authority to convene general meetings on not less than 14 clear days' notice will remain effective until the conclusion of the Company's next Annual General Meeting or, if earlier, on the expiry of 15 months from the date of the passing of the resolution, unless renewed prior to such time.

Recommendation

The Board considers that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company's shareholders as a whole, and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, the Board recommends that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 63,598 Ordinary shares, representing 0.13% of the issued share capital.

By order of the Board
abrdn Holdings Limited
Company Secretary
1 George Street
Edinburgh
EH2 2LL
27 November 2024

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

1. a Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently approved at the Annual General Meeting on 2 February 2023.
2. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
3. an Annual Statement.

Company law requires the Company's Auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The Auditor's report is included on pages 61 to 67.

The Director's Remuneration Policy and level of Directors' remuneration are determined by the Remuneration & Management Engagement Committee, which is chaired by Nick Timberlake and comprises all of the Directors.

Remuneration Policy

The Directors' Remuneration Policy takes into consideration the principles of UK corporate governance and the AIC's recommendations regarding the application of those principles to investment companies.

No shareholder views have been sought in setting the remuneration policy and no communication was received from shareholders during the year regarding Directors' remuneration.

The Company's policy is that the remuneration of the Directors, all of whom are non-executive, should reflect the experience of the Board as a whole and be fair and comparable to that of other investment trusts with a similar capital structure and similar investment objectives. Directors are remunerated exclusively in the form of fees, payable quarterly in arrears to the Director personally. The fees for the Directors are determined within the limits set out in this Remuneration Policy which limits the aggregate of the fees payable to the Directors to £250,000 per annum. It is intended that the fees payable to the Directors should reflect their duties, responsibilities, and the value and amount of time committed to the Company's affairs and should also be sufficient to enable candidates of a high quality to be recruited and retained. There is no performance-related remuneration scheme and therefore the Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits, and the fees are not specifically related to the Directors' performance, either individually or collectively.

The levels of fees at the year-end are set out in the table below. Fees are reviewed annually and, if considered appropriate, adjusted accordingly.

	30 September 2024 £	30 September 2023[A] £
Chair	**37,500**	34,500
Senior Independent Director	**28,000**	24,500
Chair of Audit Committee	**32,000**	30,000
Chair of the Remuneration & Management Engagement Committee	**28,000**	26,000
Director	**26,500**	24,500

[A] Directors fees were increased with effect from 1 October.

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.
- The terms of appointment provide that Directors should retire and be subject to election at the first Annual General Meeting after their appointment. The Company's Articles of Association require all Directors to retire by rotation at least every three years. However, notwithstanding the Articles of Association, the Board has agreed that all Directors should retire annually and seek re-election at the Annual General Meeting.
- 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.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursement of out-of-pocket expenses incurred in connection with the performance of their duties.

Directors' Remuneration Report

Continued

- 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

- 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.
- There is no notice period and no provision for compensation upon early termination of appointment, save for any arrears of fees which may be due.
- 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.

There were no changes to the Directors' Remuneration Policy during the year and there are no proposals for changes in the foreseeable future.

The Remuneration Policy is reviewed by the Remuneration & Management Engagement Committee on an annual basis and at last year's meeting the Committee's stated its intention that this Remuneration Policy will apply for the three-year period ending 30 September 2025. This intention stands.

Statement of Voting on the Directors' Remuneration Policy at General Meeting

At the Annual General Meeting held on 2 February 2023, shareholders approved the Directors' Remuneration Policy. 96.84% of proxy votes were in favour of the resolution and 3.16% of proxy votes were cast against the resolution.

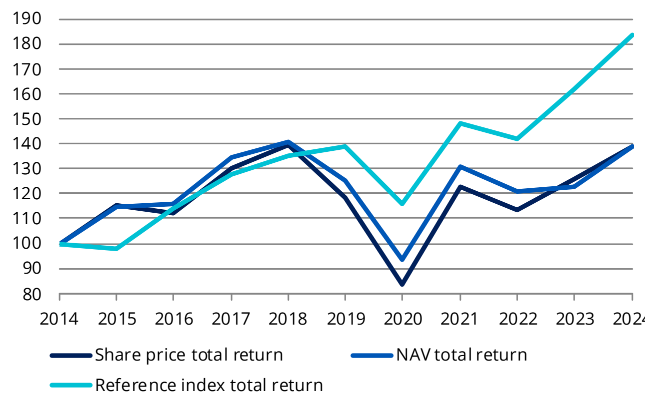
Implementation Report

Review of Directors' Fees

The Remuneration & Management Engagement Committee carried out a review of the level of Directors' fees during the year, which included consideration of fees paid by comparable investment trusts and the sector as a whole. During the year, it was agreed that, with effect from 1 October 2024, Directors' fees would be increased by £1,500 for the Chair and for the Chair of the Audit Committee, and by £1,000 per annum for the Chair of the Remuneration & Management Engagement Committee, for the Senior Independent Director and each other Director.

Company 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 ten-year period to 30 September 2024 (rebased to 100 at 30 September 2014). This index was chosen for comparison purposes only, as it is a widely used indicator for the equity market in which the Company invests.



Statement of Voting on the Directors' Remuneration Report at General Meeting

At the Company's last Annual General Meeting, held on 20 February 2024, shareholders approved the Directors' Remuneration Report in respect of the year ended 30 September 2023. 95.73% of proxy votes were in favour of the resolution, and 4.27% of proxy votes were cast against the resolution.

A resolution to approve the Directors' Remuneration Report in respect of the year ended 30 September 2024 will be proposed at the Annual General Meeting on 18 February 2025.

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. However, for ease of reference, the total fees paid to Directors are shown in the table below while dividends paid to shareholders are set out in note 7 and share buybacks and issuances are detailed in note 12.

Audited Information

Directors' Remuneration

The Directors who served during the year received the following emoluments in the form of fees:

Director	Year ended 30 September 2024	Year ended 30 September 2023[G]
Sarika Patel[A]	**37,500**	32,973
Caroline Hitch[B]	**28,000**	26,000
Mark Little[C]	**32,000**	28,134
Nick Timberlake[D]	**27,418**	4,083
Jeremy Tigue[E]	**10,943**	24,500
Mark White[F]	**-**	11,455
Total	**135,861**	127,145

[A] Appointed as Chair on 2 February 2023
[B] Appointed as Senior Independent Non-Executive Director on 20 February 2024
[C] Appointed as Director on 1 August 2022 and as Chair of the Audit Committee on 2 February 2023
[D] Appointed as Director on 1 August 2023 and as Chair of the Remuneration & Management Engagement Committee on 20 February 2024
[E] Retired from the Board on 20 February 2024
[F] Retired from the Board on 2 February 2023
[G] Directors fees were increased with effect from 1 October 2023.

The above amounts exclude any employers' national insurance contributions, if applicable. All fees are at a fixed rate and there is no variable remuneration. 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. No other forms of remuneration were received by the Directors and none of the Directors has any taxable expenses, compensation for loss of office or non-cash benefit for the year ended 30 September 2024 (2023: nil).

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees for the past five years from 1 October 2019 to 30 September 2024.

	Year ended 30 September 2024	Year ended 30 September 2023	Year ended 30 September 2022	Year ended 30 September 2021	Year ended 30 September 2020
	Fees %	Fees %	Fees %	Fees %	Fees %
Sarika Patel[A]	**13.7**	25.6	5.0	14.2	n/a
Caroline Hitch[B]	**7.7**	13.0	7.1	4.8	0.0
Mark Little[C]	**13.7**	30.9	n/a	n/a	n/a
Nick Timberlake[D]	**14.3**	n/a	n/a	n/a	n/a

[A] Appointed as a Director on 1 November 2019, as Chair of the Audit Committee on 23 February 2020 and as Board Chair on 2 February 2023.
[B] Appointed as Chair of the Remuneration & Management Engagement Committee on 5 February 2021 and as Senior Independent Non-Executive Director on 20 February 2024.
[C] Appointed as a Director on 1 August 2022 and as Chair of Audit Committee on 2 February 2023. Percentage increase reflects position if Mark Little had been appointed as a Director for the full year to 30 September 2022. The actual amount paid to Mark during the financial year to 30 September 2022 was £3,750.
[D] Appointed as a Director on 1 August 2023 and as Chair of the Remuneration & Management Committee on 20 February 2024. Percentage increase reflects position if Nick had held each individual role for 12 months. The actual amount paid was £27,418.

Directors' Remuneration Report

Continued

Directors' Interests in the Company

The Directors (including their connected persons) at 30 September 2024 and 30 September 2023 had no interest in the share capital of the Company other than those interests shown in the following table.

	30 September 2024	30 September 2023
	Ordinary shares	Ordinary shares
Sarika Patel	**10,000**	10,000
Caroline Hitch	**27,900**	27,900
Mark Little	**5,698**	5,698
Nick Timberlake	**20,000**	20,000
Jeremy Tigue[A]	**25,886**	25,886
Mark White[B]	**-**	75,000

[A] As at 20 February 2024, the date Jeremy Tigue retired from the Board
[B] As at 2 February 2023 the date that Mark White retired from the Board

There have been no changes to the Directors' interests in the share capital of the Company since the year end up to the date of approval 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, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 30 September 2024:

- 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.

Nick Timberlake
Chair of the Remuneration &
Management Engagement Committee
27 November 2024

Audit Committee's Report

The Audit Committee presents its Report for the year ended 30 September 2024.

Committee Composition

During the financial year the Committee was chaired by Mark Little. Mark Little is a Chartered Accountant and has recent and relevant financial experience.

The Committee comprises all Non-Executive Directors. Given the size of the Board, and the skillset and continued independence of Sarika Patel, the Board believes that it is appropriate for all the independent Directors, including the Chair of the Board, to constitute the Audit Committee. The Board is satisfied that the Committee as a whole has competence relevant to the investment trust sector.

Functions of the Audit Committee

The principal role of the Audit Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk.

The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on at least an annual basis. Copies of the terms of reference are published on the Company's website and are available from the Company on request.

The Committee's main functions are listed below:

- 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 below).
- 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 and any formal announcements relating to the Company's financial performance, by reviewing, and challenging where necessary, the actions and judgements of the Manager.
- 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 financial reports, any formal announcements relating to the Company's financial performance.
- to review the content of the Annual Report 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 position and 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 Committee 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. Non-audit fees paid to the Auditor during the year under review amounted to £nil (2023 £nil). All non-audit services must be approved in advance by the Audit Committee and will be reviewed in the light of relevant guidance and statutory requirements regarding the provision of non-audit services by the external audit firm, and the need to maintain the Auditor's independence.
- to review a statement from the Manager detailing the arrangements in place within the Manager whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters.
- to make recommendations to the Board 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, taking into consideration relevant UK professional and regulatory requirements.

Activities During the Year

The Audit Committee met twice during the year when, amongst other things, it considered the Annual Report and the Half-Yearly Financial Report in detail.

Representatives of the Manager's internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk management and the conduct of the business in the context of its regulatory environment. No significant weaknesses in the control environment were identified. The Committee, therefore, concluded that there were no significant issues which required to be reported to the Board.

The Financial Reporting Council (the "FRC") Audit Quality Review ("AQR") team completed an inspection of the audit of the financial statements for the year ended 30 September 2023. It is the FRC's usual practice to carry out such reviews on annual reports of a selection of companies each year. This was a limited inspection covering only certain aspects of the audit. We have considered the report, and the result of the review raised no issues which cause doubt on the quality of abrdn Equity Trust Income plc's external audit.

Internal Controls and Risk Management

The Board confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks, that has been in place for the year ended 30 September 2024 and up to the date of approval of the Annual Report, is regularly reviewed by the Board and accords with the FRC's guidance on internal controls.

The Board has overall responsibility for ensuring that there is a system of internal controls and risk management in place and a process for reviewing its effectiveness. Day-to-day measures have been delegated to the Manager with an effective process of reporting to the Board for supervision and control. The system of internal controls and risk management is designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the system of internal control and risk management is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by its nature, 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, through the Audit Committee, has prepared its own risk register which lists potential risks including those set out in the Strategic Report on pages 19 to 21. The Board considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate them.

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, including its internal audit and compliance functions.

The Board has reviewed the Manager's process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed. The Board has also reviewed the effectiveness of the Manager's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurances Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organisation". Any weaknesses identified are reported to the Audit Committee and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Audit Committee.

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

- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers. These agreements are reviewed periodically by the Board.
- 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.
- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance.
- as a matter of course the Manager's internal audit and compliance departments continually review its operations.

- bi-annually, the Audit Committee carries out an assessment of internal controls by considering documentation from the Manager, including the internal audit and compliance functions and reports to the Board on its conclusions; and
- the Audit Committee reviews internal control reports from its third-party service providers including the Depositary, BNP Paribas S.A., London Branch and the Registrar, Computershare Investor Services PLC.

The Board has considered the need for an internal audit function. The Company has no employees, and the day-to-day management of the Company's assets has been delegated to abrdn which has its own compliance and internal control systems. The Board has therefore decided to place reliance on those systems and internal audit procedures and has concluded that it is not necessary for the Company to have its own internal audit function.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 30 September 2024, the Audit Committee considered the following significant issues, in particular those communicated by the Auditor during its planning and reporting of the year-end audit:

Valuation, Existence and Ownership of Investments

How the issue was addressed - The Company uses the services of an independent depositary (BNP Paribas S.A., London Branch) (the "Depositary") to hold the assets of the Company. An annual internal control report is received from the Depositary and reviewed by the Audit Committee. This provides details of the Depositary's control environment. The investment portfolio is reconciled regularly by the Manager. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared quarterly and are considered at the quarterly meetings of the Board. The valuation of investments is undertaken in accordance with the accounting policies disclosed in notes 1(b) and 1(c) to the financial statements.

The Committee satisfied itself that there were no issues associated with the valuation, existence and ownership of the investments which required to be addressed.

Recognition of Dividend Income

How the issue was addressed - The recognition of dividend income is undertaken in accordance with accounting policy note 1(d) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the specific circumstances. Management accounts are reviewed by the Board on a quarterly basis and discussions take place with the Manager regarding the allocation of any special dividends that have been received.

The Committee concluded that there were no issues associated with the recognition of dividend income which required to be addressed.

Review of Financial Reporting

The Committee, when considering the draft Annual Report and financial statements for the year ended 30 September 2024, concluded that taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report and financial statements would have a reasonable knowledge of the investment industry in general and of investments trusts in particular.

Audit Committee's Report

Continued

Review of Independent Auditor

The Audit Committee has reviewed the effectiveness of the independent Auditor, Johnston Carmichael LLP ("Johnston Carmichael"), 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 senior statutory auditor).
- **Fees -** including current and proposed fees for future years.

The independent Auditor's report is included on pages 61 to 67. Details of the amounts paid to Johnston Carmichael LLP during the year for audit services are set out in note 4 to the financial statements.

Tenure of the Independent Auditor

Johnston Carmichael LLP was appointed as the Company's independent Auditor and approved by shareholders at the Annual General Meeting on 20 February 2024. In accordance with present professional guidelines the senior statutory auditor is rotated after no more than five years. The year ended 30 September 2024 is the first year during which the present senior statutory auditor has served.

The next compulsory audit tender of the Company is due to take place by 2034 in compliance with the FRC Guidance on audit tenders.

The Committee is satisfied with the quality of the work and service carried out by Johnston Carmichael LLP and with the level of fees. The Committee is also satisfied that Johnston Carmichael LLP is independent and therefore supports the recommendation to the Board that the re-appointment of Johnston Carmichael LLP be put to shareholders for approval at the Annual General Meeting.

On behalf of the Audit Committee
Mark Little
Chair of the Audit Committee
27 November 2024

Financial Statements

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report 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 are required to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgements 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.
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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, but not for the content of any information included on the website that has been prepared or issued by third parties. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; 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.

The Board considers the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board
Sarika Patel
Chair
27 November 2024

Independent Auditor's Report to the Members of abrdn Equity Income Trust plc

Opinion

We have audited the financial statements of abrdn Equity Income Trust plc (the "Company") for the year ended 30 September 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 30 September 2024 and of its return for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

We planned our audit by first obtaining an understanding of the Company and its environment, including its key activities delegated by the Board to relevant approved third-party service providers and the controls over provision of those services.

We conducted our audit using information maintained and provided by abrdn Fund Managers Limited (the Alternative Investment Fund Manager), abrdn Holdings Limited (the "Administrator" and "Company Secretary"), BNP Paribas S.A., London Branch (as the "Depository) to whom the Company has delegated the provision of services.

We tailored the scope of our audit to reflect our risk assessment, taking into account such factors as the types of investments within the Company, the involvement of the Administrator, the accounting processes and controls, and the industry in which the Company operates.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

We summarise below the key audit matters in arriving at our audit opinion above, together with how our audit addressed these matters and the results of our audit work in relation to these matters.

Independent Auditor's Report to the Members of abrdn Equity Income Trust plc

Continued

Key audit matter	How our audit addressed the key audit matter and our conclusions
Valuation of investments (as described on page 57 in the Audit Committee's Report and as per the accounting policy and Note 9.) At 30 September 2024 the valuation of the investment portfolio was £177.9m (2023: £165.7m), equating to 112.3% (2023: 110.6%) of net assets. As this is the largest component of the Company's Statement of Financial Position and a key driver of the Company's net assets and total return, this has been designated as a key audit matter, being one of the most significant assessed risks of material misstatement due to error. There is a further risk that the investments held at fair value may not be actively traded and the quoted prices may not be reflective of their fair value.	We obtained and assessed controls reports provided by BNP Paribas S.A., London Branch (as Depositary) and BNP Paribas S.A. (as custodian and fund administration service provider) to evaluate the design of the process and implementation of key controls. We compared market prices and exchange rates applied to all investments held at 30 September 2024 to an independent third-party source and recalculated the investment valuations. We have obtained average trading volumes from an independent third-party source for all listed equity investments held at year end and challenged management's active market assessment for investment where trading volumes indicated lower levels of liquidity. From our completion of these procedures, we identified no material misstatements in relation to the valuation and ownership of the investments.
Revenue recognition including allocation of special dividends as revenue or capital returns (as described on page 57 in the Audit Committee's Report and as per the accounting policy and Note 2). Investment income recognised in the year to 30 September 2024 was £12.6m (2023: £12.5m) consisting of dividend income from investments. Revenue-based performance metrics are often one of the key performance indicators for stakeholders. The investment income received by the Company during the year directly impacts these metrics and the minimum dividend required to be paid by the Company. There is a risk that revenue is incomplete, did not occur or is inaccurate through failure to recognise income entitlements or failure to appropriately account for their treatment. It has therefore been designated as a key audit matter being one of the most significant assessed risks of material misstatement due to fraud or error. Additionally, there is a further risk of incorrect allocation of special dividends as revenue or capital returns as judgement is required in determining their allocation within the Statement of Comprehensive Income.	We obtained and assessed controls provided by BNP Paribas S.A., London Branch (as Depositary) and BNP Paribas S.A. (as Custodian and fund administration service provider) to evaluate the design of the process and implementation of key controls. We confirmed that income was recognised and disclosed in accordance with the AIC SORP by assessing the accounting policies. We recalculated 100% of dividends due to the Company based on investment holdings throughout the year and announcements made by investee companies. We agreed a sample of dividends received to bank statements. We assessed the completeness of the special dividend population with reference to third party market data and determined whether all special dividends recognised were revenue or capital in nature with reference to the underlying circumstances of the investee companies' dividend payment. We assessed the completeness of investment purchases made during the year on a special cum-dividend basis, which had a material effect on dividend income, as disclosed in Note 2. We tested these purchases and the subsequent dividend receipts on a sample basis and confirmed that they were accounted for in accordance with the accounting policy in Note 1. From our completion of these procedures, we identified no material misstatements in relation to revenue recognition, including allocation of special dividends as revenue or capital returns.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature and extent of our work and in evaluating the results of that work.

Materiality measure	Value
Materiality for the financial statements as a whole We have set materiality as 1% of net assets as we believe that net assets is the primary performance measure used by investors and is the key driver of shareholder value. We determined the measurement percentage to be commensurate with the risk and complexity of the audit and the Company's listed status.	**£1.58 million**
Performance materiality Performance materiality represents amounts set by the Auditor at less than materiality for the financial statements as a whole, to reduce an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In setting this we consider the Company's overall control environment, and any experience of the audit that indicates a lower risk of material misstatements. Based on our judgement of these factors, we have set performance materiality at 50% of our overall financial statement materiality as this is our first year as Auditor.	**£0.79 million**
Specific materiality Recognising that there are transactions and balances of a lesser amount which could influence the understanding of users of the financial statements we calculate a lower level of materiality for testing such areas. Specifically, given the importance of the distinction between revenue and capital for the Company, we also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income set at the higher of 5% of the net revenue return on ordinary activities before tax and our Audit Committee Reporting Threshold. We have set a specific materiality in respect of related party transactions and Directors' remuneration. We used our judgement in setting these thresholds and considered our past experience of the audit, the history of misstatements and industry benchmarks for specific materiality.	**£0.58 million**
Audit Committee reporting threshold We agreed with the Audit Committee that we would report to them all differences in excess of 5% of overall materiality in addition to other identified misstatements that warranted reporting on qualitative grounds, in our view. For example, an immaterial misstatement as a result of fraud.	**£0.08m**

During the course of the audit, we reassessed initial materiality and found no reason to alter the basis of calculation used at year-end.

Independent Auditor's Report to the Members of abrdn Equity Income Trust plc

Continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's method of assessing going concern, including consideration of market conditions and macro-economic uncertainties.
- Assessing and challenging the forecast cashflows and associated sensitivity modelling including assessment of the loan covenants used by the Directors in support of their going concern assessment.
- Obtaining and recalculating management's assessment of the Company's ongoing maintenance of investment trust status; and
- Assessing the adequacy of the Company's going concern disclosures included in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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; or
- A corporate governance statement has not been prepared by the Company.

Corporate governance statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 47.
- The Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 24.
- The Directors' statement on fair, balanced and understandable set out on page 60.
- The Directors' statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 24.
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 19.
- The section of the Annual Report that describes the review of the effectiveness of risk management and internal control systems set out on pages 56 to 57; and
- The section describing the work of the Audit Committee set out on page 55.

Independent Auditor's Report to the Members of abrdn Equity Income Trust plc

Continued

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 60, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **http://www.frc.org.uk/Auditorsresponsibilities.** This description forms part of our Auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable to detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006
- Financial Conduct Authority (FCA) listing and Disclosure Guidance and Transparency Rules (DTR).
- The principles of the UK Corporate Governance Code applied by the AIC Code of Corporate Governance (the "AIC Code").
- Industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") issued in July 2022.
- The Company's qualification as an investment trust under section 1158 of the Corporation Tax Act 2010; and
- UK Generally Accepted Accounting Practice.

We gained an understanding of how the Company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to the completeness and allocation of special dividends (audit procedures performed in response to these risks are set out in the section on key audit matters above) and management override of controls (procedures in response to this risk are included below).

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.
- Reviewing the level of and reasoning behind the Company's procurement of legal and professional services.
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, recalculating the investment management fee, evaluating the business rationale of significant transactions outside the normal course of business and assessing judgements made by management in their calculation of accounting estimates for potential management bias.
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006 and the Listing Rules; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board on 20 February 2024 to audit the financial statements for the year ended 30 September 2024 and subsequent financial periods. The period of our total uninterrupted engagement is one year, covering the year ended 30 September 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Sutherland (Senior Statutory Auditor)

For and on behalf of Johnston Carmichael LLP
Statutory Auditor
Edinburgh, United Kingdom
27 November 2024

Statement of Comprehensive Income

		2024			2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains/(losses) on investments at fair value	9	**–**	**9,452**	**9,452**	–	(6,443)	(6,443)
Currency losses		**–**	**–**	**–**	–	(1)	(1)
Income	2	**12,735**	**219**	**12,954**	12,598	–	12,598
Investment management fee	3	**(252)**	**(588)**	**(840)**	(302)	(704)	(1,006)
Administrative expenses	4	**(459)**	**–**	**(459)**	(508)	–	(508)
Net return before finance costs and taxation		**12,024**	**9,083**	**21,107**	11,788	(7,148)	4,640
Finance costs	5	**(454)**	**(1,060)**	**(1,514)**	(401)	(936)	(1,337)
Return before taxation		**11,570**	**8,023**	**19,593**	11,387	(8,084)	3,303
Taxation	6	**(560)**	**–**	**(560)**	(278)	–	(278)
Return after taxation		**11,010**	**8,023**	**19,033**	11,109	(8,084)	3,025
Return per Ordinary share	8	**23.05p**	**16.80p**	**39.85p**	23.43p	(17.05p)	6.38p

The total column of this statement represents the profit and loss account of the Company.

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

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

Statement of Financial Position

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments at fair value through profit or loss	9	**177,978**	165,734
Current assets			
Debtors	10	**1,411**	1,611
Investments in AAA-rated money market funds		**1,311**	3,027
Cash and short-term deposits		**591**	1,196
		3,313	5,834
Current liabilities			
Creditors: amounts falling due within one year			
Bank loan	11	**(22,462)**	(20,941)
Other creditors	11	**(414)**	(754)
		(22,876)	(21,695)
Net current liabilities		**(19,563)**	(15,861)
Net assets		**158,415**	149,873
Capital and reserves			
Called-up share capital	12	**12,295**	12,295
Share premium account		**52,043**	52,043
Capital redemption reserve		**12,616**	12,616
Capital reserve	13	**71,161**	62,735
Revenue reserve		**10,300**	10,184
Equity shareholders' funds		**158,415**	149,873
Net asset value per Ordinary share	14	**331.54p**	314.55p

The financial statements on pages 68 to 86 were approved by the Board of Directors and authorised for issue on 27 November 2024 and were signed on its behalf by:

Sarika Patel
Chair

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

Statement of Changes in Equity

For the year ended 30 September 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2023		12,295	52,043	12,616	62,735	10,184	149,873
Return after taxation[A]		–	–	–	8,023	11,010	19,033
Sale of own shares from treasury		–	–	–	403	–	403
Dividends paid during the year	7	–	–	–	–	(10,894)	(10,894)
Balance at 30 September 2024		12,295	52,043	12,616	71,161	10,300	158,415

For the year ended 30 September 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 30 September 2022		12,295	52,043	12,616	70,276	10,269	157,499
Return after taxation[A]		–	–	–	(8,084)	11,109	3,025
Purchase of own shares for treasury		–	–	–	(315)	–	(315)
Sale of own shares from treasury		–	–	–	858	–	858
Dividends paid during the year	7	–	–	–	–	(11,194)	(11,194)
Balance at 30 September 2023		12,295	52,043	12,616	62,735	10,184	149,873

[A] per the Statement of Comprehensive Income on page 68.

The capital reserve at 30 September 2024 is split between realised gains of £78,223,000 and unrealised losses of £7,062,000 (30 September 2023: realised gains of £80,674,000 and unrealised losses of £17,939,000).

The Company's reserves available to be distributed by way of dividends or buybacks which includes the revenue reserve and the realised element of the capital reserve amount to £88,523,000 (30 September 2023: £90,858,000).

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

Notes to the Financial Statements

For the year ended 30 September 2024

1. Accounting policies

(a) Basis of accounting and going concern. The Financial Statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022. They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Financial Statements have been prepared on a going concern basis.

The Company had net current liabilities at the year end. The Company's assets consist mainly of equity shares in companies listed on recognised stock exchanges and are considered by the Board to be realisable within a short timescale under normal market conditions. The Board has set overall limits for borrowing and reviews regularly the Company's level of gearing, cash flow projections and compliance with banking covenants, when applicable. The Board has also performed stress testing and liquidity analysis.

The Company's Articles require that at every fifth AGM, the Directors shall propose an Ordinary Resolution to effect that the Company continues as an investment trust. An Ordinary Resolution approving the continuation of the Company for the next five years was passed at the AGM on 4 February 2022. The next continuation vote will take place at the AGM to be held in 2027.

As at 30 September 2024, the Company had a £30 million (2023: £30 million) revolving credit facility with The Royal Bank of Scotland International Limited, London Branch. £22.5 million was drawn at the end of the financial year (2023: £21 million). The revolving credit facility matures on 23 June 2026. A replacement option will be sought in advance of the expiry of the facility, or should the Board decide not to renew this facility, any outstanding borrowing would be repaid through the proceeds of equity sales as required.

The Directors are mindful of the Principal Risks and Uncertainties disclosed in the Strategic Report on pages 19 to 21 and they believe that the Company has adequate financial resources to continue its operational existence for a period of not less than 12 months from the date of approval of this Report. They have arrived at this conclusion having confirmed that the Company's diversified portfolio of realisable securities is sufficiently liquid and could be used to meet short-term funding requirements were they to arise. They have also reviewed the revenue and ongoing expenses forecasts for the coming year, and expect to secure a replacement facility upon expiry of the current facility. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

As an investment fund the Company has the option under FRS 102, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity's investments are highly liquid, substantially all of the entity's investments are carried at market value, and the entity provides a Statement of Changes in Equity. The Directors have assessed that the Company meets all of these conditions.

The accounting policies applied are unchanged from the prior year and have been applied consistently.

All values are rounded to the nearest thousand pounds (£'000) except where indicated otherwise.

(b) Investments. Investments have been designated upon initial recognition as fair value through profit or loss in accordance with IAS 39. As permitted by FRS 102, the Company has elected to apply the recognition and measurement provisions of IAS 39 Financial Instruments. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery to be made within the timeframe established by the market concerned and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value. 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 the FTSE All-Share and the most liquid AIM constituents.

Gains and losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

(c) **Investments in AAA-rated money market funds**. Money market funds investments are used by the Company to provide additional short term liquidity. Due to their short term nature, they are recognised in the Financial Statements as a current asset and are included at fair value through profit and loss.

The Company invests in a AAA-rated money-market fund, Aberdeen Standard Liquidity Fund, which is managed by abrdn Investments Limited. The share class of the money market fund in which the Company invests does not charge a management fee.

(d) **Income**. Income from equity investments, 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. The Company carries out special cum-dividend and special ex-dividend trades as a portfolio management tool to both enhance income and manage long-term positions. The income generated from such trades is allocated to the revenue column of the Statement of Comprehensive Income and recognised on the date of the transaction. This has the effect of increasing income and is offset by a decrease in unrealised gains/(losses) on investments. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on cash at bank and in hand and on the money market fund is accounted for on an accruals basis.

(e) **Expenses and interest payable**. Expenses are accounted for on an accruals 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 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 notes 3 and 5).

Transaction costs incurred on the purchase and disposal of investments are recognised as a capital item in the Statement of Comprehensive Income.

(f) **Dividends payable.** Interim dividends are accounted for when they are paid. Final dividends are accounted on the date that they are approved by shareholders.

(g) **Capital and reserves**

Called-up share capital. Share capital represents the nominal value of Ordinary shares issued. This reserve is not distributable.

Share premium account. The share premium account represents the premium above nominal value received by the Company on issuing shares net of issue costs. This reserve is not distributable.

Capital redemption reserve. The capital redemption reserve represents the nominal value of Ordinary shares repurchased and cancelled. This reserve is not distributable.

Capital reserve. Gains or losses on realisation of investments and changes in fair values of investments are included within 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 part of this reserve represented by realised capital gains is available for distribution by way of a dividend and for the purpose of funding share buybacks.

Revenue reserve. The revenue reserve represents accumulated revenue profits retained by the Company that have not currently been distributed to shareholders as a dividend.

(h) **Taxation.** The tax expense represents the sum of the tax currently payable and deferred tax. Tax payable is based on the taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Statement of Financial Position date measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the accounts.

Owing to the Company's status as an investment trust company, 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.

(i) **Cash and cash equivalents.** Cash comprises bank balances and cash held by the Company. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) **Bank borrowings**. Interest bearing bank loans and overdrafts are recorded initially at fair value, being the proceeds received, net of direct issue costs. They are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(k) **Treasury shares**. When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the capital reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.

(l) **Judgements and key sources of estimation uncertainty**. Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the Financial Statements. Special dividends are assessed and credited to capital or revenue according to their circumstances and are considered to require significant judgement. The Directors do not consider there to be any significant estimates within the financial statements.

Notes to the Financial Statements

Continued

2. Income

	2024 £'000	2023 £'000
Income from investments		
UK investment income		
Ordinary dividends	**9,283**	8,191
Special dividends	**644**	101
Special dividends – capital	**219**	–
Stock dividends	**255**	101
	10,401	8,393
Overseas and Property Income Distribution investment income		
Ordinary dividends	**2,321**	3,998
Special dividends	**–**	85
Stock dividends	**131**	52
	2,452	4,135
	12,853	12,528
Other income		
Money-market interest	**96**	67
Bank interest	**5**	3
	101	70
Total income	**12,954**	12,598

Included in income from investments is £1,161,000 (2023: £195,000) relating to income from special cum-dividend and special ex-dividend trades. This has an equal and opposite effect on unrealised gains/(losses) on investments.

3. Investment management fee

	2024 £'000	2023 £'000
Charged to revenue reserve	**252**	302
Charged to capital reserve	**588**	704
	840	1,006

The Company has an agreement with abrdn Fund Managers Limited ("aFML") for the provision of management services, under which investment management services have been delegated to abrdn Investment Management Limited. The contract is terminable by either party on not less than six months' notice.

With effect from 01 October 2023, the management fee is charged at 0.55% of the Company's net assets (previously 0.65% on the first £175 million of the Company's net assets, reduced to 0.55% above £175 million). The fee is payable quarterly in arrears and is chargeable 30% to revenue and 70% to capital (see note 1(e) for further detail). The balance of fees due at the year end was £219,000 (2023: £245,000).

4. Administrative expenses

	2024 £'000	2023 £'000
Directors' fees	**136**	127
Employers' National Insurance	**8**	7
Fees payable to the Company's Auditor (excluding VAT):		
– for the audit of the annual financial statements[A]	**37**	65
Professional fees	**3**	14
Depositary fees	**19**	19
Promotional activities[A]B	**109**	109
Other expenses	**147**	167
	459	508

A Johnston Carmichael LLP was appointed as the Company's independent Auditor by shareholders at the Annual General Meeting on 20 February 2024. In 2023, KPMG LLP was the Company's independent Auditor.
[A] The Company has an agreement with AFML for the provision of promotional activities. Fees paid under the agreement during the year were £109,000 (2023: £109,000). At 30 September 2024, £55,000 was due to AFML (2023: £27,000).

With the exception of fees payable to the Company's auditor, irrecoverable VAT has been included under the relevant expense line above. Irrecoverable VAT on fees payable to the Company's auditor is included within other expenses.

The Company has no employees.

Notes to the Financial Statements

Continued

5. Finance costs

	2024 £'000	2023 £'000
On bank loans and overdrafts:		
Charged to revenue reserve	**454**	401
Charged to capital reserve	**1,060**	936
	1,514	1,337

Finance costs are chargeable 30% to revenue and 70% to capital (see note 1(e)).

6. Taxation

		2024			2023	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Overseas withholding tax	**560**	**–**	**560**	278	–	278

(b) Factors affecting total tax charge for the year. The corporation tax rate was 25% (2023: 22%). The total tax assessed for the year is lower (2023: lower) than that resulting from applying the standard rate of corporation tax in the UK.

A reconciliation of the Company's total tax charge is set out below:

		2024			2023	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	**11,570**	**8,023**	**19,593**	11,387	(8,084)	3,303
Corporation tax at a rate of 25% (2023: 22%)	**2,892**	**2,006**	**4,898**	2,505	(1,778)	727
Effects of:						
Non-taxable UK dividends	**(2,563)**	**–**	**(2,563)**	(1,891)	–	(1,891)
Non-taxable overseas dividends	**(475)**	**–**	**(475)**	(826)	–	(826)
Expenses not deductible for tax purposes	**2**	**–**	**2**	2	–	2
(Gains)/losses on investments not relievable	**–**	**(2,418)**	**(2,418)**	–	1,417	1,417
Excess management expenses and loan relationship losses	**144**	**412**	**556**	210	361	571
Irrecoverable overseas withholding tax	**560**	**–**	**560**	278	–	278
Total taxation	**560**	**–**	**560**	278	–	278

At 30 September 2024, the Company had unutilised management expenses and loan relationship losses of £36,810,000 (2023: £34,587,000). No deferred tax asset has been recognised on the unutilised management expenses and loan relationship losses as it is unlikely that the Company will generate suitable taxable profits in the future that these tax losses could be deducted against.

7. Dividends on Ordinary shares

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend for 2023 of 5.70p per share (2022: 6.50p)	**2,724**	3,079
First interim dividend for 2024 of 5.70p per share (2023: 5.70p)	**2,723**	2,700
Second interim dividend for 2024 of 5.70p per share (2023: 5.70p)	**2,724**	2,700
Third interim dividend for 2024 of 5.70p per share (2023: 5.70p)	**2,723**	2,715
	10,894	11,194

The fourth interim dividend of 5.80p per Ordinary share, payable on 10 January 2025 to shareholders on the register on 6 December 2024 has not been included as a liability in the financial statements.

The total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered, are set out below.

	2024 £'000	2023 £'000
First interim dividend for 2024 of 5.70p per share (2023: 5.70p)	**2,723**	2,700
Second interim dividend for 2024 of 5.70p per share (2023: 5.70p)	**2,724**	2,700
Third interim dividend for 2024 of 5.70p per share (2023: 5.70p)	**2,723**	2,715
Fourth interim dividend for 2024 of 5.80p per share (2023: 5.70p)	**2,771**	2,724
	10,941	10,839

Notes to the Financial Statements

Continued

8. Return per Ordinary share

	2024		2023	
	£'000	p	£'000	p
Basic				
Revenue return	**11,010**	**23.05**	11,109	23.43
Capital return	**8,023**	**16.80**	(8,084)	(17.05)
Total return	**19,033**	**39.85**	3,025	6.38

	2024	2023
Weighted average number of Ordinary shares in issue[A]	**47,766,631**	47,415,968

[A] Calculated excluding shares held in Treasury where applicable.

9. Investments

	2024 £'000	2023 £'000
Fair value through profit or loss		
Opening book cost	**183,673**	195,060
Opening fair value losses on investments held	**(17,939)**	(15,330)
Opening fair value	**165,734**	179,730
Movements in the year:		
Purchases at cost	**80,819**	46,738
Sales – proceeds	**(78,027)**	(54,291)
Gains/(losses) on investments	**9,452**	(6,443)
Closing fair value	**177,978**	165,734
Closing book cost	**185,259**	183,673
Closing fair value losses on investments held	**(7,281)**	(17,939)
Closing fair value	**177,978**	165,734

The Company received £78,027,000 (2023: £54,291,000) from investments sold in the year. The book cost of these investments when they were purchased was £79,452,000 (2023: £58,125,000). These investments have been revalued over time and until they were sold any unrealised gains/(losses) were included in the fair value of the investments.

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 losses on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2024 £'000	2023 £'000
Purchases	**408**	206
Sales	**48**	37
Total	**456**	243

10. Debtors: amounts falling due within one year

	2024 £'000	2023 £'000
Amounts due from brokers	**–**	148
Net dividends and interest receivable	**1,377**	1,078
Other debtors	**34**	385
	1,411	1,611

11. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loan	**22,500**	21,000
Unamortised loan arrangement expenses	**(38)**	(59)
	22,462	20,941
Other creditors		
Amounts due to brokers	**–**	305
Investment management fee payable	**219**	245
Sundry creditors	**195**	204
	414	754

On 23 June 2023, the Company agreed a new three year £30 million revolving credit facility with the Royal Bank of Scotland International Limited, which expires on 23 June 2026.

The facility agreement contains the following covenants:

– The Company's gross assets will not be less than £120 million at any time.

– The Company's total net debt will not exceed 25% of net asset value at any time.

– The Company should hold a minimum of 45 eligible investments.

All covenants were complied with throughout the year.

At 30 September 2024 and at the date of signing this Report, £22.5 million had been drawn down from the facility, at a SONIA rate of 6.45%. This is due to mature on 23 December 2024.

12. Called-up share capital

	2024 £'000	2023 £'000
Issued and fully paid:		
Ordinary shares of 25p each		
Opening balance of 47,646,522 (2023: 47,471,939) Ordinary shares	**11,912**	11,868
Buyback of nil (2023: 100,417) Ordinary shares	**–**	(25)
Issue of 135,000 (2023: 275,000) Ordinary shares	**34**	69
Closing balance of 47,781,522 (2023: 47,646,522) Ordinary shares	**11,946**	11,912
Treasury shares		
Opening balance of 1,532,245 (2023: 1,706,828) Treasury shares	**383**	427
Buyback of nil (2023: 100,417) Ordinary shares to Treasury	**–**	25
Issue of 135,000 (2023: 275,000) Ordinary shares from Treasury	**(34)**	(69)
Closing balance of 1,397,245 (2023: 1,532,245) treasury shares	**349**	383
	12,295	12,295

During the year, nil Ordinary shares (2023: 100,417) were repurchased for a consideration of £nil (2023: £315,000), and 135,000 Ordinary shares (2023: 275,000) were issued from Treasury for a consideration of £403,000 (2023: £858,000). At the year end the number of shares held in Treasury was 1,397,245 (2023: 1,532,245).

13. Capital reserve

	2024 £'000	2023 £'000
Opening balance	**62,735**	70,276
Unrealised gains/(losses) on investment holdings	**10,877**	(2,612)
Losses on realisation of investments at fair value	**(1,206)**	(3,831)
Currency losses	**–**	(1)
Investment management fee charged to capital	**(588)**	(704)
Finance costs charged to capital	**(1,060)**	(936)
Buyback of Ordinary shares into treasury	**–**	(315)
Issue of Ordinary shares from treasury	**403**	858
Closing balance	**71,161**	62,735

The capital reserve includes investment holding losses amounting to £7,281,000 (2023: losses of £17,939,000) as disclosed in note 9.

14. Net asset value per share

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

	2024	2023
Basic		
Total shareholders' funds (£'000)	**158,415**	149,873
Number of Ordinary shares in issue at year end[A]	**47,781,522**	47,646,522
Net asset value per share	**331.54p**	314.55p

[A] Excludes shares in issue held in treasury where applicable.

15. Financial instruments

Risk management. 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 for the purpose of managing currency and market risks arising from the Company's activities.

The main risks the Company faces from its financial instruments are (i) market price 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.

(i) Market risk. The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices.

This market risk comprises three elements - interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rate movements may affect:

- the level of income receivable on cash deposits;

- 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.

It is the Company's policy to increase its exposure to equity market price risk through the judicious use of borrowings. When borrowed funds are invested in equities, the effect is to magnify the impact on Shareholders' funds of changes - both positive and negative - of revenue and capital returns.

Interest rate profile

The interest rate risk profile of the portfolio of financial assets and liabilities at the Statement of Financial Position date was as follows:

As at 30 September 2024	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Investments in AAA-rated money-market funds	**–**	**5.11**	**–**	**1,311**
Cash deposits	**–**	**3.45**	**–**	**591**
Total assets	**–**	**–**	**–**	**1,902**
Liabilities				
Bank loans	**0.25**	**6.45**	**22,462**	**–**
Total liabilities	**–**	**–**	**22,462**	**–**

As at 30 September 2023	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Investments in AAA-rated money-market funds	–	5.38	–	3,027
Cash deposits	–	3.69	–	1,196
Total assets	–	–	–	4,223
Liabilities				
Bank loans	0.22	6.68	20,941	–
Total liabilities	–	–	20,941	–

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 floating rate assets consist of investments in AAA-rated money-market funds and cash deposits on call earning interest at prevailing market rates.

All financial liabilities are measured at amortised cost.

Maturity profile. The Company did not hold any assets at 30 September 2024 or 30 September 2023 that had a maturity date. The £22.5 million (2023: £21 million) loan drawn down had a maturity date of 23 December 2024 (2023: 21 December 2023) at the Statement of Financial Position date.

Interest rate sensitivity. The sensitivity analysis below has been determined based on the exposure to interest rates at the Statement of Financial Position date and with the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

– profit for the year ended 30 September 2024 would decrease/increase by £206,000 (2023: decrease/increase by £168,000). This is mainly attributable to the Company's exposure to interest rates on its fixed rate borrowings and floating rate cash balances.

Currency risk. All of the Company's investments are in Sterling. The Company can be exposed to currency risk when it receives dividends in currencies other than Sterling. The current policy is not to hedge this risk, but this policy is kept under constant review by the Board.

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.

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. The Manager actively monitors market prices throughout the year and reports to the Board. The investments held by the Company are listed on the London Stock Exchange.

Other price risk sensitivity. If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to ordinary shareholders and equity for the year ended 30 September 2024 would have increased/decreased by £17,798,000 (2023: increase/decrease of £16,573,000). This is based on the Company's equity portfolio held at each year end.

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

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities (note 11).

(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 risk is not significant, and is managed as follows:

- where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default;

- investment transactions are carried out with a large number of brokers, whose credit-standing and credit rating is reviewed periodically by the investment manager, and limits are set on the amount that may be due from any one broker;

- cash and money invested in AAA money market funds are held only with reputable institutions.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk exposure. In summary, compared to the amount in the Statement of Financial Position, the maximum exposure to credit risk at 30 September was as follows:

	2024		2023	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Current assets				
Debtors	**1,411**	**1,411**	1,611	1,611
Investments in AAA-rated money market funds	**1,311**	**1,311**	3,027	3,027
Cash and short term deposits	**591**	**591**	1,196	1,196
	3,313	**3,313**	5,834	5,834

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 is not materially different to the accounts value in the financial statements of £22,462,000 (note 11).

16. Fair value hierarchy

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

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

All of the Company's investments are in quoted equities (2023: same) that are actively traded on recognised stock exchanges, with their fair value being determined by reference to their quoted bid prices at the reporting date. The total value of the investments (2024: £177,978,000; 2023: £165,734,000) have therefore been deemed as Level 1. The investment in AAA rated money market funds of £1,311,000 (2023: £3,027,000) is considered to be Level 2 under the fair value hierarchy of FRS 102 due to not trading in an active market.

17. 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 income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Board normally seeks to limit gearing to 15% of net assets. At the year end the Company had gearing of 13.0% of net assets (2023: 11.3%) (see page 88 for more details).

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. 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's objectives, policies and processes for managing capital are unchanged from the preceding accounting period. Any year end positions are presented in the Statement of Financial Position.

The Company does not have any externally imposed capital requirements.

18. Contingent liabilities

As at 30 September 2024 there were no contingent liabilities (2023: none).

19. Segmental Information

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

20. Related party transactions and transactions with the Manager

Related party transactions. Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 51 to 54. The balance of fees due to Directors at the year end was £31,000 (2023: £33,000).

Transactions with the Manager. abrdn Fund Managers Limited received fees for its services as Manager. Further details are provided in notes 3 and 4.

Alternative Performance Measures

Alternative performance measures ('APM') are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-ended investment companies. Where the calculation of an APM is not detailed within the financial statements, an explanation of the methodology employed is provided below:

Discount & premium

A discount is the percentage by which the market price of an investment trust is lower than the Net Asset Value ("NAV") per share. A premium is the percentage by which the market price per share of an investment trust exceeds the NAV per share.

	30 September 2024	30 September 2023
Share price	**321.50p**	314.00p
Net asset value per share	**331.54p**	314.55p
Discount	**3.0%**	0.2%

Dividend yield

Dividend yield measures the dividend per share as a percentage of the share price per share.

	30 September 2024	30 September 2023
Share price	**321.50p**	314.00p
Dividend per share	**22.90p**	22.80p
Dividend yield	**7.1%**	7.3%

Alternative Performance Measures

Continued

Net gearing

Net gearing measures the total borrowings less cash and cash equivalents divided by Shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due from and to brokers at the period end as well as cash and short-term deposits.

		30 September 2024 £'000	30 September 2023 £'000
Total borrowings	a	**22,462**	20,941
Cash and short-term deposits		**591**	1,196
Investments in AAA-rated money-market funds		**1,311**	3,027
Amounts due from brokers		**–**	148
Amounts payable to brokers		**–**	(305)
Total cash and investments in AAA-rated money-market funds	b	**1,902**	4,066
Gearing (borrowings less cash & investments in AAA-rated money-market funds)	c=(a-b)	**20,560**	16,875
Shareholders' funds	d	**158,415**	149,873
Net gearing	e=(c/d)	**13.0%**	11.3%

Ongoing charges ratio

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC, which is defined as the total of investment management fees and recurring administrative expenses and expressed as a percentage of the average daily net asset values published throughout the period.

		30 September 2024 £'000	30 September 2023 £'000
Investment management fees		**840**	1,006
Administrative expenses		**459**	508
Less: non-recurring charges[A]		**(1)**	(27)
Ongoing charges	a	**1,298**	1,487
Average net assets	b	**150,930**	158,676
Ongoing charges ratio	c=(a/b)	**0.86%**	0.94%

[A] Comprises professional fees not expected to recur.

[B] Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations, which includes financing and transaction costs.

Total return

NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored against open-ended and closed-ended competitors, and the Reference Index, respectively.

Year ended 30 September 2024		NAV	Share Price
Opening at 1 October 2023	a	**314.6p**	**314.0p**
Closing at 30 September 2024	b	**331.5p**	**321.5p**
Price movements	c=(b/a)-1	**5.4%**	**2.4%**
Dividend reinvestment[A]	d	**7.9%**	**8.0%**
Total return	c+d	**13.3%**	**10.4%**

Year ended 30 September 2023		NAV	Share Price
Opening at 1 October 2022	a	331.8p	302.5p
Closing at 30 September 2023	b	314.6p	314.0p
Price movements	c=(b/a)-1	(5.2%)	3.8%
Dividend reinvestment[A]	d	7.0%	7.6%
Total return	c+d	1.8%	11.4%

[A] NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

Corporate Information

The Company's Manager is a subsidiary of abrdn plc. The abrdn Group's assets under management and administration were £506.7 billion as at 30 September 2024.

Information about the Investment Manager

abrdn Investment Management Limited

The Company's Manager is abrdn Fund Managers Limited which has delegated portfolio management to abrdn Investment Management Limited, a subsidiary of abrdn whose assets under management and administration were £506.7 billion as at 30 September 2024.

The team within abrdn managing the Company's portfolio of investments has been headed up by Thomas Moore since 2011.

The Investment Team Senior Managers

Thomas Moore

Senior Investment Director, UK Equities

Thomas is a Senior Investment Director within the UK equities team at abrdn. He began his career in 1998, joining Schroder Investment Management as Assistant Fund Manager, UK Equities. He joined abrdn in 2002 as an Investment Analyst. He then managed EMEA portfolios before moving to the UK equities team in 2006.

Wes McCoy

Senior Investment Director, UK Equities

Wes is a Senior Investment Director within the UK Equities team at abrdn and is portfolio manger for the UK Value Equity fund. Wes joined abrdn in 1999 as an Investment Director covering UK equities where he was responsible for the management of a wide range of institutional mandates, including the creation and launch of the UK Value Equity strategy. He left the industry in 2008 to work with a charity in Africa. He re-joined abrdn in October 2012 as Investment Director in global equities before moving to manage UK equities in April 2015.

While Wes is not involved in the day-to-day management of the portfolio, he maintains a watching brief over the portfolio and regularly discusses decisions and investment opportunities with Thomas.

Investor Information

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed abrdn Fund Managers Limited as its alternative investment fund manager and BNP Paribas Securities S.A., London Branch as its Depositary under the AIFMD.

The AIFMD requires abrdn Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: **abrdnequityincome.com**. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 97.

Investor Warning: Be alert to share fraud and boiler room scams

abrdn has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for abrdn or for third party firms. abrdn has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for abrdn and any third party making such offers/claims has no link with abrdn.

abrdn does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information and end the call.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: **fca.org.uk/consumers/scams.**

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrars (see Contact Addresses). Changes of address must be notified to the Registrars in writing.

Any general queries, comments or complaints, including for the specific attention of the Chair or Senior Independent Director, should be directed to the Company Secretary in writing (see Contact Addresses) or by email to: **CEF.CoSec@abrdn.com**

How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser.

Alternatively, for private investors, there are a number of online dealing platforms that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms.

Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management and Financial Advice Association at: **pimfa.co.uk**

Financial Advisers

To find an adviser who recommends on investment trusts visit: **unbiased.co.uk**

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority: **fca.org.uk/firms/financial-services-register**

How to Attend and Vote at Company Meetings

Investors who hold their shares through a platform or share plan provider (for example Hargreaves Lansdown, Interactive Investor or AJ Bell) and would like to attend and vote at Company meetings (including Annual General Meetings) should contact their platform or share plan provider directly to make arrangements.

Investors who hold their shares through platforms and have their shares held through platform nominees, may not necessarily receive notification of general meetings and are advised to keep themselves informed of Company business by referring to the Company's website. Where voting is required, and the Board encourages shareholders to vote at all general meetings of the Company, shareholders with their holdings in nominees, need to instruct the nominee to vote on their behalf and should do so in good time before the meetings.

Keeping You Informed

Further information about the Company may be found on its dedicated website: **abrdnequityincome.com**

This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Details are also available at: **invtrusts.co.uk**

Twitter: @abrdnTrusts

LinkedIn: abrdn Investment Trusts

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Company's website although it should be noted that following the forbearance granted by the FCA to the investment trust industry in September 2024, there is no obligation upon the Company or the Manager to produce a KID. The Manager continues to provide a modified KID for the Company as it is aware that a number of platforms/market participants still require prospective investors to confirm that they have read the KID prior to a buy order being placed. In addition to the KID, the Manager has developed a Statement of Operating Expenses which is incorporated into the Company's factsheet, and which can be found on the Company's website.

Consumer Duty

The FCA's Consumer Duty rules, published in July 2022, are a fundamental component of the FCA's consumer protection strategy and aim to improve outcomes for retail consumers across the entire financial services industry, through the assessment of various outcomes, one of which is an assessment of whether a product provides value. Under Consumer Duty, the Manager is the product 'manufacturer' of the Company and therefore the Manager is required to publish an annual assessment of value. The Manger uses its proprietary assessment methodology to assess the Company as 'expected to provide fair value for the reasonably foreseeable future'. The Board has reviewed the Manager's basis of assessment, and no concerns have been identified with either the assessment method or the outcome of the assessment.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally advised private clients and institutional investors. 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 securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, known as 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.

The information on pages 92 and 93 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 abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms

abrdn Group or abrdn plc
The abrdn plc group of companies.

AFML or AIFM or Manager
abrdn Fund Managers Limited ("AFML"), is a wholly owned subsidiary of abrdn Holdings Limited, which is part of abrdn, and acts as the alternative investment fund manager ("AIFM") for the Company. AFML is authorised and regulated by the Financial Conduct Authority. The Manager has delegated portfolio management to abrdn Investment Management Limited.

AIC
The Association of Investment Companies.

AIFMD
The UK version of the Alternative Investment Fund Managers Directive and all implanting and delegating legislation thereunder, as it forms part of UK law following the UK's departure from the EU. The AIFMD was originally European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund, and which is managed and/or marketed in the EU (and now, separately, the UK). The Company has been designated as an AIF.

Alternative Performance Measures or APMs
Numerical measures of the Company's current, historical or future performance, financial position, other than the financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS102 and the AIC SORP.

Capital Return Per Share
The realised and unrealised gains and losses of the investment portfolio net of costs, interest and tax of the Company that have been allocated to capital, divided by the weighted average number of shares in issue during the year.

Closed-End Fund
A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.

Depositary
A depositary is responsible for cash monitoring, the custody and safeguarding of the Company's financial instruments and monitoring the Company's compliance with investment limits and leverage requirements. The Company's Depositary is BNP Paribas Securities S.A., London Branch.

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
Revenue Return Per Share divided by dividends per share expressed as a ratio.

Dividend per Share or DPS
The total of all dividends paid by the Company for the financial year on a per share basis.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Earnings per Share or EPS
The net income after tax of the Company divided by the weighted average number of shares in issue during the year. In an Investment Trust this is made up of Revenue Return Per Share and Capital Return Per Share.

ESG
Environmental, social and governance ("ESG") factors, which are considered in all investment decisions.

Ex-dividend date ("XD date")
The day before the Record Date. The XD date is normally about a month before the dividend is paid.

FCA
Financial Conduct Authority.

Gearing or Net Gearing
Gearing is calculated by dividing total borrowings less cash and cash equivalents by Shareholders' Funds, expressed as a percentage.

Index
A market index calculates the average performance of its constituents, normally on a weighted basis. It provides a means against which the performance of individual instruments can be assessed.

Investment Manager
abrdn Investment Management Limited

Investment Trust
A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.

Key Information Document or KID
The UK Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the PRIIP 'manufacturer', to prepare a Key Information Document ("KID") and make available to retail investors prior to them making any investment decision.

In September 2024, the FCA granted forbearance to the investment trust industry which means that the Manger is no longer required to produce a KID. However, the Manager continues to publish a modified KID for the Company largely because a number of platforms/market participants still require prospective investors to confirm that they have read the KID prior to a buy order being placed. The modified KID is available via the Company's website and included in its factsheet. In addition to the KID, the Manager has developed a Statement of Operating Expenses which is incorporated into the Company's factsheet, and which can be found on the Company's website.

Leverage
For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its Net Asset Value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Market Capitalisation
The latest price of an Ordinary share multiplied by the number of shares in issue.

Net Asset Value, NAV or Shareholders' Funds
The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The Net Asset Value divided by the number of shares in issue produces the Net Asset Value per Ordinary share.

Ongoing Charges Ratio
Ratio of total expenses as a percentage of average daily Shareholders' Funds calculated as per the AIC's industry standard method.

Portfolio Manager
The Company's Portfolio Manager is Thomas Moore, a Senior Investment Director within the UK Equities team at abrdn. Thomas has managed the Company's portfolio, on behalf of the Manager, since 2011.

Pre-Investment Disclosure Document ("PIDD")
The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a PIDD, which can be found on the Company's website.

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
This is calculated by dividing the 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.

Glossary of Terms

Continued

Prior Charges
The name given to all borrowings including debentures, 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 irrespective of the time until repayment.

Realised Gains/Losses
The profit/loss on the sale of investments during the year.

Record Date
The date when an investor needs to be holding a share in order to qualify for a forthcoming dividend.

Reference Index
The Company's Reference Index is the FTSE All-Share Index. The Company does not have a benchmark but uses the Reference Index as a comparator.

Relative Performance
Performance of the Company relative to the FTSE All-Share Index.

Retail Prices Index ("RPI")
One of the main measures of consumer inflation in the UK, produced by the Office for National Statistics.

Revenue Return Per Share
The net income from dividends and interest received, after costs, interest and tax allocated to revenue, divided by the weighted average number of shares in issue during the year.

Revenue Reserves
The total of undistributed revenue earnings from prior years. This is available for distribution to shareholders by way of dividend.

Statement of Operating Expenses or SOE
Working with a number of market participants, abrdn has developed a SOE in order to provide prospective investors with a succinct and comparable summary of the expenses incurred by the Company in administering its portfolio. These expenses are deducted from the NAV, not the share price, which is the inference from the KID. abrdn hopes that this might form part of the disclosure regime that will replace the PRIIPs regulations.

Total Assets
Total assets less current liabilities (before deducting Prior Charge as defined above), as per the Statement of Financial Position.

Total Return
The theoretical return including reinvesting each dividend in additional shares in the Company on the day that the shares go ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the ex-dividend date.

Unrealised Gains/Losses
The profit/loss on the revaluation of the investment portfolio at the end of the year.

AIFMD Disclosures (Unaudited)

abrdn Fund Managers Limited ("AFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website.

There have been no material changes to the disclosures contained within the PIDD since its most recent update in November 2023.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report.
- none of the Company's assets are subject to special arrangements arising from their illiquid nature.
- the Strategic Report, note 15 to the financial statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AFML; and
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretary, abrdn Holdings Limited, on request, and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2023 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	3.00:1	2.00:1
Actual level at 30 September 2024	1.27:1	1.29:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There have been no changes to the circumstances in which the Company may be required to post assets as collateral and no guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which AFML may employ on behalf of the Company, the right of use of collateral or any guarantee granted under any leveraging arrangement, or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD. The information on this page 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 abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom

Reduction in Yield misstatement

AFML identified incorrect data in Reduction in Yield (RiY) table in their PRIIPS KID documents on 4 July 2024 and rectified the error on 19 July 2024. The issue was in the RiY illustration which shows the impact of charges on a hypothetical £10k investment over 1,3 and 5 years. The average understatement was 0.43% and the maximum was 0.63%. The composition of costs numbers was all correct throughout. Following the FCA's September forbearance notice regarding the PRIIPS KID disclosures of costs for UK listed investment trusts, AFML has ceased to publish these figures and instead has collaborated with other participants in the industry to develop the Statement of Operating Expenses to aid understanding of the costs and expenses involved in managing an investment trust. AFML believe that this is more compatible with our Consumer Duty obligations, by providing a consistent basis to allow end-consumers to meaningfully compare the actual costs incurred when investing in these investment trusts.

General

The Annual General Meeting of abrdn Equity Income Trust plc will be held at abrdn plc, 18 Bishops Square, London, E1 6EG on Tuesday, 18 February 2025 at 11:30 am.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the thirty third Annual General Meeting of abrdn Equity Income Trust plc (the "Company") will be held at abrdn plc, 18 Bishops Square, London, E1 6EG on Tuesday, 18 February 2025 at 11:30 am for the following purposes:

Ordinary Resolutions

To consider and, if thought fit, pass resolutions 1 to 10 (inclusive) as ordinary resolutions:

1. To receive and adopt the audited financial statements of the Company for the year ended 30 September 2024, together with the reports of the Directors and the independent Auditor on those financial statements.
2. To receive, adopt and approve the Directors' Remuneration Report for the year ended 30 September 2024.
3. To approve the Company's dividend policy to pay four interim dividends per annum as set out on page 49 of the Annual Report and Accounts for the financial year ended 30 September 2024.
4. To re-elect Caroline Hitch as a Director of the Company.
5. To re-elect Mark Little as a Director of the Company.
6. To re-elect Sarika Patel as a Director of the Company.
7. To re-elect Nick Timberlake as a Director of the Company.
8. To re-appoint Johnston Carmichael LLP as independent Auditor of the Company to hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.
9. To authorise the Directors to fix the remuneration of the independent Auditor for the year to 30 September 2025.
10. That, in substitution for any existing authority, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the directors of the Company (the "Directors") be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot ordinary shares of 25 pence each in the capital of the Company ("Shares") and to grant rights to subscribe for or to convert any security into Shares ("Rights") provided that such authority shall be limited to the allotment of Shares and the grant of Rights with an aggregate nominal value of up to £1,194,538 (representing 10% of the Company's total issued share capital (excluding shares held in treasury) as at the date of this notice) on such terms as the Directors may determine. Such authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may at any time prior to the expiry of this authority make an offer or enter into an agreement which would or might require Shares to be allotted or Rights to be granted after the expiry of such authority and the Directors shall be entitled to allot Shares or grant Rights in pursuance of any such an offer or agreement as if such authority had not expired.

Special Resolutions

To consider and, if thought fit, to pass resolutions 11 to 13 (inclusive) as special resolutions:

11. That, subject to the passing of resolution 10 set out in the notice of the annual general meeting to be held on 18 February 2025, and in substitution for any existing power but without prejudice to the exercise of any such power prior to the passing of this resolution, the directors of the Company (the "Directors") be and they are hereby generally and unconditionally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the "Act"), to allot, or make offers or agreements to allot, equity securities (within the meaning of section 560(1) of the Act), for cash pursuant to the authority given by resolution 10 above, and/or to sell treasury shares for cash, as if Section 561(1) of the Act did not apply to any such allotment or sale provided that this power:

Notice of Annual General Meeting

Continued

a) expires at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is the earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of this authority, make offers or enter into agreements which would or might require equity securities to be allotted or sold out of treasury after such expiry and the Directors may allot or sell out of treasury equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired; and

b) shall be limited to the allotment and sale out of treasury, of equity securities up to an aggregate nominal value of £1,194,538, being 10% of the nominal value of the issued share capital of the Company (excluding treasury shares), as at the date of this notice.

12. That, in substitution for any existing authority, 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, subject as hereinafter appears, unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company (the "Shares") on such terms and in such manner as the Directors may from time to time determine either for cancellation or for retention as treasury shares for future reissue, resale, transfer, or cancellation provided always that:

a) the maximum aggregate number of Shares hereby authorised to be purchased shall be 7,162,450 or, if less, the number representing 14.99% of the Company's issued share capital (excluding shares held in treasury) at the date of the passing of this resolution.

b) the minimum price (exclusive of expenses) which may be paid for each Share shall be 25 pence.

c) the maximum price (exclusive of expenses) which may be paid for a Share is the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for a Share over the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade of a Share and the highest current independent bid for such Share on the London Stock Exchange at the time the purchase is carried out; and

d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or on the expiry of 15 months from the passing of this resolution, whichever is earlier, unless previously revoked, varied, extended or renewed by the Company in a general meeting, save that the Company may, at any time prior to the expiry of this authority, enter into a contract to purchase Shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract.

13. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.

By order of the Board
abrdn Holdings Limited
Company Secretary
27 November 2024

Registered Office
280 Bishopsgate
London
EC2M 4AG

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Notes

i. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her or on his/her behalf at the meeting. A proxy need not be a shareholder. A shareholder may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. 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 Chair of the meeting) and give instructions directly to them. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. 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, or if you would like to appoint more than one proxy, please contact the Company's Registrar, Computershare Investor Services PLC on 0370 707 1150. In the case of joint holders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

ii. To be valid, the appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority, if any, under which it is signed or authenticated, should be sent to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting or any adjourned meeting.

iii. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the register of members of the Company at close of business on 14 February 2025 (or, if the meeting is adjourned, 48 hours by close of business on the day which is two working days prior to the date of the adjourned meeting) shall be entitled to attend or vote at the meeting in respect of the number of ordinary shares registered in their name at that time. In each case, changes to entries on the register of members of the Company after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

iv. Any shareholder holding 3% or more of the total voting rights of the Company who appoints a person other than the Chair of the meeting as his/her proxy(ies) will need to ensure that both he/she and his/her proxy(ies) comply with their respective disclosure obligations under the FCA Disclosure Guidance and Transparency Rules.

v. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual and/or by logging in to the website www.euroclear. com/CREST. 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.

vi. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID number 3RA50) by 11:30 am on 14 February 2025 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting). 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 Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

vii. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Notice of Annual General Meeting

Continued

viii. 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.

ix. 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) and (ii) above do not apply to a Nominated Person. The rights described in those Notes can only be exercised by registered members of the Company.

x. The terms of appointment of the Directors of the Company 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 registered office of the Company and will, on the date of the meeting, be available for inspection at the venue of the meeting from 15 minutes before the meeting until the conclusion of the meeting.

xi. Shareholders are advised that, unless otherwise stated, 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.

xii. Following the meeting, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and placed on the Company's website: **abrdnequityincome.com.**

xiii. 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: (i) 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 (ii) 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 will be required to do so once it has received such requests either from a member or members having a right to vote and holding at least 5% of the total voting rights of the Company or from at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state the member's full name and address and be sent to the Company's registered office to be received by the Company at least one week prior to the meeting. 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.

xiv. As at 6pm on 27 November 2024 (being the latest practicable date prior to publication of this notice) the Company's issued share capital comprised 49,178,767 ordinary shares of 25 pence each [including 1,397,245 ordinary shares held in treasury]. Each Ordinary share (other than any Ordinary shares held in treasury) carries the right to one vote at a general meeting of the Company. Accordingly, the total number of voting rights in the Company as at 27 November 2024 was 47,781,522.

xv. If you wish to attend the meeting in person, there will be a members' register for you to sign on arrival. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information.

b) the answer has already been given on a website in the form of an answer to a question; or

c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

xvi. Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website: **abrdnequityincome.com.**

xvii. Under section 338 of the Companies Act 2006, a member or members meeting the qualification criteria set out at note xix below, may, subject to certain conditions, require the Company to circulate to members notice of a resolution which may properly be moved and is intended to be moved at that meeting. The conditions are that: (i) the resolution must not, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise); (ii) the resolution must not be defamatory of any person, frivolous or vexatious; and (iii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the resolution of which notice is to be given by either setting out the resolution in full or, if supporting a resolution sent by another member, clearly identifying the resolution which is being supported; (c) must be authenticated by the person or persons making it; and (d) must be received by the Company not later than six weeks before the meeting to which the requests relate.

xviii. Under section 338A of the Act, a member or members meeting the qualification criteria set out at note xix below, may, subject to certain conditions, require the Company to include in the business to be dealt with at the meeting a matter (other than a proposed resolution) which may properly be included in the business (a matter of business). The conditions are that: (i) the matter of business must not be defamatory of any person, frivolous or vexatious; and (ii) the request: (a) may be in hard copy form or in electronic form; (b) must identify the matter of business by either setting it out in full or, if supporting a statement sent by another member, clearly identify the matter of business which is being supported; (c) must be accompanied by a statement setting out the grounds for the request; (d) must be authenticated by the person or persons making it; and (e) must be received by the Company not later than six weeks before the meeting to which the requests relate.

xix. In order to be able to exercise the members' right to require: (i) circulation of a resolution to be proposed at the meeting (see note xvii); or (ii) a matter of business to be dealt with at the meeting (see note xviii), the relevant request must be made by: (a) a member or members having a right to vote and holding at least 5% of the total voting rights of the Company; or (b) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100.

Contact Addresses

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Registered Number
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Website Address:
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