Shires Income PLC

Half Yearly Report 30 September 2022

Looking for high-quality investments for a high, regular income

shiresincome.co.uk

Contents

Investment Objective

The Company's investment objective is to provide shareholders with a high level of income, together with the potential for growth of both income and capital, from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities.

Benchmark Index

The Company's benchmark index is the FTSE All-Share Index (total return).

Performance

Net asset value per Ordinary share total return[A]

Six months ended 30 September 2022

–12.3%

Year ended 31 March 2022 +11.4%

Share price total return[A]

Six months ended 30 September 2022

–15.7%

Year ended 31 March 2022 +18.4%

Benchmark index total return

Six months ended 30 September 2022

–8.3%

Year ended 31 March 2022 +13.0%

Earnings per Ordinary share (revenue)

Six months ended 30 September 2022

7.50p

Six months ended 30 September 2021 7.21p

Dividend yield[A]

As at 30 September 2022

6.0%

As at 31 March 2022 4.9%

(Discount)/premium to net asset value[A]

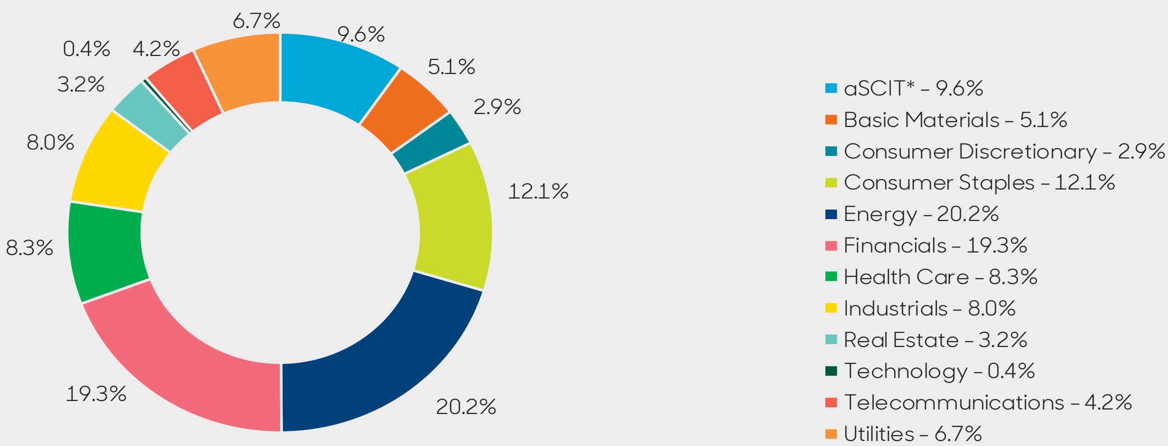
As at 30 September 2022

(3.7)%

As at 31 March 2022 0.3%

[A] Considered to be an Alternative Performance Measure.
An explanation of the Alternative Performance Measures is provided on pages 27 to 29.

Analysis of Listed Equity Portfolio



* While the Company's investment in abrdn Smaller Companies Income Trust plc ("aSCIT") is classified under "Financials" for FTSE classification purposes, it is shown separately in the above chart given its materiality to the Company.

Financial Calendar, Dividends and Highlights

Financial Calendar

Expected payment dates of quarterly dividends	28 October 2022 27 January 2023 28 April 2023 28 July 2023
Financial year end	31 March 2023
Expected announcement of results for year ended 31 March 2023	May 2023
Expected date of Annual General Meeting	6 July 2023

Financial Highlights

	30 September 2022	31 March 2022	% change
Total assets (£'000)[A]	**92,754**	104,819	–11.5
Shareholders' funds (£'000)	**73,809**	85,819	–14.0
Net asset value per share	**238.20p**	278.29p	–14.4
Share price (mid-market)	**229.50p**	279.00p	–17.7
(Discount)/premium to net asset value (cum-income)[B]	**(3.7)%**	0.3%	
Dividend yield[B]	**6.0%**	4.9%	
Net gearing[B]	**24.4%**	20.4%	
Ongoing charges ratio[B]	**1.18%**	1.14%	

[A] Less current liabilities excluding bank loans of £9,000,000.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 27 and 28.

Performance (total return)

	Six months ended 30 September 2022	Year ended 30 September 2022	Three years ended 30 September 2022	Five years ended 30 September 2022
Net asset value[A]	–12.3%	–13.0%	+2.5%	+8.0%
Share price[A]	–15.7%	–10.6%	+2.0%	+10.8%
FTSE All-Share Index	–8.3%	–4.0%	+2.4%	+11.3%

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 29.
All figures are for total return and assume reinvestment of net dividends excluding transaction costs.

"It is the Board's current intention that the total dividend for the year will be at least 13.8p per Ordinary share (2022: 13.8p). This is equivalent to a dividend yield of 6.0% based on the share price of 229.50p at 30 September 2022."

Chairman's Statement

Market Background

The first half of the financial year was highly volatile for financial markets. In the early part of 2022, markets saw a sharp rotation as investors digested the prospects of sustained higher inflation and interest rates. This dynamic continued to dominate market movements during the period under review. Notably, inflation has been higher in the last few months than for many years, putting pressure on income forecasts of both consumers and corporates. The causes of higher inflation are diverse, but a major catalyst has been resurgent demand following the Covid-19 pandemic at a time when the economy still has many capacity constraints from reduced labour availability, productivity levels and supply-chain issues. The inflationary pressures have then been heightened by the fall out of the Russia-Ukraine conflict which has disrupted commodity supply, leading to a rise in the prices of energy and food. After a long period of historically low interest rates, central banks around the world have been forced to confront inflation by raising interest rates. The US Federal Reserve increased the base rate from 0.25% at the start of the year to 4.0%, whilst the Bank of England and ECB have moved almost as quickly, with interest rates rising to 3.0% and 2.0% respectively.

This pace of interest rate increase from a low base has meant that investors have needed to re-evaluate the prices of companies' shares, especially those of highly rated growth companies. Combined with increasing concerns around slowing economic activity and increased uncertainties more broadly, this has led to a sell-off in global equity markets. The MSCI World Global Equity Index fell by 22% over the period under review, the US S&P 500 Index fell by 21% and the MSCI Europe Index fell by 14%. In this context, UK equities held up relatively well, with the FTSE All-Share Index falling by 8.3% in total return terms. A high weighting to energy and materials, which have benefitted from rising commodity prices, and to banks, which benefit from rising interest rates have helped the UK market, which has a low weighting to more highly rated sectors, such as technology.

For income investors, the background has been perhaps surprisingly reassuring so far this year. Since the Company's year-end in March, dividend expectations for many companies within the benchmark index have actually grown modestly. While this seems at odds with the economic outlook, it is consistent with what the Investment Manager is seeing from companies in the portfolio. Management teams are confident on the outlook for dividend payments and this confidence is backed up by the distribution ratio for the benchmark index (the proportion of earnings distributed as dividends) being close to historic lows. After many companies rebased dividends during the pandemic, there is now headroom for them to maintain or even grow their dividends. This should provide some reassurance to investors as we brace ourselves for a continuing period of economic uncertainty.

While the underperformance has been disappointing, it has been concentrated in two areas: the Company's investments in preference shares and in aSCIT. In both instances, the underperformance is as would be expected given the macro-economic backdrop.

Investment Performance

During the six-month period to 30 September 2022, the Company delivered a net asset value ("NAV") total return of -12.3%, underperforming the FTSE All-Share Index benchmark by 4.0%. While the underperformance has been disappointing, it has been concentrated in two areas: the Company's investments in preference shares and in abrdn Smaller Companies Income Trust plc ("aSCIT"). In both instances, the underperformance is as would be expected given the macro-economic backdrop.

Firstly, the Company's position in preference shares has been a drag on performance, with the holdings declining in value by 13.0% and detracting just over 1% from relative performance. Preference shares, which are a fixed income investment, naturally decline in value as bond yields rise and we saw this over the six-month period. However, as shareholders will be aware, the reason for holding the preference shares within the portfolio is not for capital growth but for income, and the distributions from the issuing companies have been very resilient. The preference share portfolio now yields over 7.5% and generates an important and robust part of the Company's income stream. Secondly, we have seen the holding in aSCIT decline in value by 36%, detracting around 1.8% from the performance of the portfolio. The holding in the investment trust is a diversifier for the portfolio and provides access to higher growth companies within the UK market. Over the long term, aSCIT has delivered positive returns, but its style has been out of favour so far this year and the underperformance is largely explained by this dynamic.

More positively, the Company's equity portfolio has continued to outperform the benchmark, as well as delivering a superior dividend yield. Overweight positions in energy and financial companies have helped performance, while the underweight allocation to the consumer discretionary sector has also been beneficial. On an individual stock basis, there were strong returns from the energy sector. The greatest positive contributor on an individual stock basis was **Diversified Energy**, which increased in value by 16% as it continued to deliver resilient earnings and to grow its dividend as it acquired further energy producing assets at low prices.

The Company's equity portfolio has continued to outperform the benchmark, as well as delivering a superior dividend yield.

Other energy companies also performed well during the period. **Energean**, which increased in value by 16%, delivered the first gas from its Karish development offshore Israel and has also upgraded guidance as a result of inflation linkage in its long term gas sale agreements. The maiden dividend has also been paid, with the dividend yield expected to rise to 13% in FY24. The company continues to offer stable and high free cashflow yield for the next decade, with further potential to come following recent successful exploration drilling.

Away from the energy sector, tobacco was also a strong contributor to performance, with the mix of defensive value particularly attractive in a time of rising bond yields and increasing recessionary fears. **Imperial Brands** was particularly strong, increasing in value by 18% during the period. Other notable performers included: **Telecom Plus** which benefitted from higher energy prices; **Balfour Beatty** which reported strong results; **Euromoney Institutional Investor**, which was bid for at a 40% premium; and **Coca-Cola Hellenic Bottling Company**, which continued to recover from the impact of the Russia-Ukraine conflict and rose by 22% after reporting positive results.

Negative performance for the equity portfolio in general is concentrated in two areas: property and UK cyclical companies. Property companies have been a source of stable and growing income in recent years, but rising interest rates have more recently challenged their valuations. The impact of exposure to this sector has therefore been negative and we have seen valuations of **Sirius Real Estate**, **Countryside Partnerships** and **Urban Logistics**, as examples, move lower. The impact of rising interest rates on both portfolio valuations and on cash generation (due to higher interest charges) is meaningful and the Investment Manager has consequently reduced the Company's allocation to the sector.

UK cyclical companies have been weak due to concerns around the domestic economy, the depreciation of Sterling and recession concerns. **Marshalls**, **Howden Joinery** and **Bodycote** all underperformed for these reasons – in each case the Investment Manager considers these to be high quality companies that will perform better when the economic cycle turns and they have a preference to hold them through the cycle.

Portfolio Activity

During the period, the Investment Manager initiated seven new positions and exited six. Below are brief details on the companies that were added and removed from the portfolio.

In April, The Investment Manager introduced a new position in **Supermarket Income REIT**. The company invests in supermarket real estate, with long term tenancy agreements and inflation linked pricing. This provides a reliable and defensive source of income. The company should also be able to deliver growth over time as it acquires additional property.

In July, a new position was initiated in **Legal & General**. The shares have fallen this year given concerns about how rising interest rates will impact the credit quality of their holdings. In the Investment Manager's view, Legal & General has a secure outlook and actually benefits from rising interest rates through its stronger Solvency 2 position. This means the dividend, at an 8% yield, should be secure and the company should continue to grow.

Chairman's Statement

Continued

The Investment Manager also took a position in private equity firm **Intermediate Capital Group.** Private equity managers have seen share prices fall as bond yields have risen, but the Investment Manager sees more limited impact on underlying portfolio valuations and views this as an attractive entry point for long term investors. While private equity firms have suffered from rising interest rates, banks have been beneficiaries. The Investment Manager started a position in **NatWest** due to its high level of exposure to the positive effects of rising interest rates, something the Investment Manager feels is still under-estimated by the market. The Investment Manager is relatively relaxed about the impact on the company of potential rising bad debts, due to a high level of existing provisions built up through the Covid-19 pandemic. In addition, with a significant excess capital position, NatWest is expected to return a large portion of its value to shareholders in the next two to three years.

The Investment Manager has also added to a number of holdings in companies with significant overseas earnings. The first of these was **KONE,** which manufactures, distributes and maintains lift systems. The company's shares have de-rated on China growth concerns and the Investment Manager considers that the company now looks attractively valued given the quality of the business, and with a very secure balance sheet. The weighting of earnings to recurring service revenue should make it resilient, and the dividend yield is at a premium to the market. The Investment Manager also started a new position in French utility company **Engie.** The implementation of a power price cap in Europe above market expectations and the company's business plan provides the Investment Manager with confidence in the dividend which has an attractive yield of around 8%. The company also has an attractive long term renewable growth story.

The final addition to the portfolio was reinsurer **Hiscox.** After weak performance post-2019, an impressive new CEO has put the balance sheet in a strong position and sorted out legacy issues in the portfolio. The Investment Manager considers the company to be well positioned for better underwriting conditions and higher investment returns, both of which should drive strong earnings growth in the next two years. The company's US retail business also has the potential to be much larger if it can deliver as management expects.

The first position exited was **Schroders** (non-voting shares), which had been purchased last year with a view that the discount of the non-voting shares to the voting shares was too wide and would close over time. The announcement in April that the company would combine the two lines of stock caused the discount to close, resulting in a 29% increase in value. With the investment case having played out, the Investment Manager chose to sell and look for other investment ideas.

Fortum performed poorly during the period due to its exposure to Russia and the risks to the business from higher European gas prices. While the Investment Manager considered that much of the risk was in the price, uncertainty remained very high and as a result they decided that they could find similarly high yields which were likely to be more secure, so chose to move on. The Investment Manager also sold the position in **United Utilities** which had held up well as a source of defensive exposure but looked fairly priced.

A more positive exit was that of **Euromoney Institutional Investor** following a bid for the company at a reasonably attractive price. Finally, the Investment Manager sold out of two positions which were inherited as spin outs from other holdings and were subscale in the portfolio. **Haleon** was spun out of GlaxoSmithKline and has an attractive end market position, but high debt and litigation risk combined with a low yield make it less appropriate for the portfolio. The Investment Manager also sold out of **Woodside Energy**, another subscale inherited position from BHP, after it went ex-dividend.

Across the portfolio, there has been a higher level of dividend income. This reflects particularly the continued recovery of dividends following the pandemic-impacted shareholder returns in 2020.

Investment Income

The revenue earnings per share for the period were 7.50p, which compares to 7.21p for the equivalent period last year. Across the portfolio, there has been a higher level of dividend income. This reflects particularly the continued recovery of dividends following the pandemic-impacted shareholder returns in 2020. Dividend expectations within the benchmark index remain around 25% lower than pre-pandemic levels, giving considerable scope for continued growth. Furthermore, some of the most income generative sectors, including energy, materials and financials, have seen earnings growth in the past year. In many cases there has also been a benefit from a stronger US Dollar for those companies that pay dividends in this currency. Portfolio changes have also been made with the aim of enhancing the level of income generation. At a time of inflation and uncertain economic outlook we see a high level of income as being an important constituent of the total return potential provided by your company.

For those willing to take a longer-term view, there are strong supportive arguments that UK equity valuations look attractive. The market is on a multi-year high discount to other developed markets and has a record high yield premium.

Dividends

A first interim dividend of 3.2p per Ordinary share in respect of the year ending 31 March 2023 (2022: first interim dividend - 3.2p) was paid on 28 October 2022. The Board declares a second interim dividend of 3.2p per Ordinary share (2022: second interim dividend - 3.2p), payable on 27 January 2023 to shareholders on the register at close of business on 6 January 2023.

Subject to unforeseen circumstances, it is proposed to pay a further interim dividend of 3.2p per Ordinary share and, as in previous years, the Board will decide on the level of final dividend having reviewed the full year's results, taking into account the outcome of the revenue account for the year and the general outlook for the portfolio's investment income at that time. However, it is the Board's current intention that the final dividend will be no less than 4.2p per Ordinary share (2022: 4.2p), resulting in a total dividend for the year of at least 13.8p per Ordinary share (2022: 13.8p). This is equivalent to a dividend yield of 6.0% based on the share price of 229.50p at 30 September 2022.

Gearing

During the period, the Board made the decision, in light of the prospect of future interest rate rises, together with some concern about access to credit within the wider economy, to renew the loan facility ahead of its expiry date in September 2022. Consequently, the Company entered into a new £20 million loan facility with The Royal Bank of Scotland International Limited, London Branch, on 3 May 2022. In addition, the Board took the view that securing a five-year agreement, so removing much uncertainty over future funding given its importance to the strategy of the Company, was the prudent thing to do.

£10 million of the new loan facility was drawn down and fixed at an all-in interest rate of 3.903%. £9 million of the facility was drawn down on a short-term basis and can be repaid without incurring any financial penalties. The proceeds of the new loan were used to repay and cancel in full the Company's previous loan facilities. At the end of the period, the Company's drawn down borrowings amounted to £19 million. Net of cash, this represented gearing of 24.4%, compared to 20.4% at the start of the period, reflecting the fall in NAV over the period.

As in previous years, the Board takes the view that the borrowings are notionally invested in the less volatile fixed income part of the portfolio which generates a high level of income, giving the Investment Manager greater ability to invest in a range of equity stocks with various yields and growth prospects. This combination means that the Company can continue to achieve a high level of dividend but also deliver some capital appreciation to shareholders.

Chairman's Statement

Continued

Outlook

Recent months have been challenging for financial markets and there are a number of economic dark clouds impacting the investment outlook, with the Bank of England now predicting a "prolonged recession". While this is certainly a challenging time for equities, there are reasons to be more constructive. Firstly, a recession is now largely expected by financial markets; and secondly many companies are significantly cheaper than they were at the start of the year. In addition, there are reasons to support a view that we are close to the peak of inflation and interest rate fears, and as these factors moderate, valuations can find support. Hence a time of widespread gloom could well be providing investors with attractive opportunities, and we have already seen signs of this with the strong rally across global equity markets since the middle of October.

In the shorter term, there is the likelihood of continued market turbulence. However, for those willing to take a longer-term view, there are strong supportive arguments that UK equity valuations look attractive. The market is on a multi-year high discount to other developed markets and has a record high yield premium. Furthermore, as the majority of company earnings come from overseas, any earnings downgrades will largely be offset by the currency benefit of weak Sterling. Importantly, from an income perspective the Investment Manager does not consider there to be a material risk of dividend cuts, with the UK distribution ratio at a seven year low. That will compress as earnings expectations likely fall, but there is plenty of headroom for most companies to maintain their dividends. That income should be helpful to many investors in these difficult market conditions. Overall, therefore, the Board takes the view that the Company continues to provide an outcome in-line with the investment mandate, namely a high level of current income with the potential for both income and capital growth.

Robert Talbut
Chairman
30 November 2022

Interim Management Statement

Directors' Responsibility Statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements within the Half Yearly Financial Report has been prepared in accordance with IAS 34 'Interim Financial Reporting'; and
- the Interim Board Report (constituting the Interim Management Report) includes a fair review of the information required by rules 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could so do).

Principal and Emerging Risks and Uncertainties

The Board regularly reviews the principal and emerging risks and uncertainties faced by the Company together with the mitigating actions it has established to manage the risks. These are set out within the Strategic Report contained within the Annual Report for the year ended 31 March 2022 and comprise the following risk headings:

- Strategic objectives and investment policy
- Investment performance
- Failure to maintain, and grow the dividend over the longer term
- Widening of discount
- Gearing
- Regulatory obligations
- Operational
- Exogenous risks such as health, social, financial and geo-political

In addition to these risks, the Board is conscious of the continuing impact caused by the war in Ukraine, inflation, increasing interest rates and volatility in global equity and bond markets. The Board considers that these are risks that could have further implications for financial markets.

In all other respects, the Company's principal and emerging risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange. The Board has performed stress testing and liquidity analysis on the portfolio and considers that, in most foreseeable circumstances, the majority of the Company's investments are realisable within a relatively short timescale.

The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants, including the headroom available. The Company has a £20 million loan facility which matures on 30 April 2027. £9 million of this amount is drawn down on a short-term basis through a revolving credit facility and can be repaid without incurring any financial penalties.

Having taken these factors into account, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for the period to 30 November 2023, which is at least twelve months from the date of approval of this Report. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board
Robert Talbut
Chairman
30 November 2022

Ten Largest Investments

As at 30 September 2022

abrdn Smaller Companies Income Trust

abrdn Smaller Companies Income Trust has an objective to provide a high and growing dividend and capital growth from a portfolio invested principally in smaller UK companies and UK fixed income securities. The holding provides the Company with exposure to a portfolio of good quality smaller companies and a higher growth portion of the market.

AstraZeneca

AstraZeneca researches, develops, produces and markets pharmaceutical products. The company has a significant focus on oncology which offers significant growth potential over the medium term.

Shell

Shell is an integrated energy company. It produces and refines crude oil, produces chemicals and runs retail operations globally. It has particular strength in natural gas markets and is one of the world's leading energy traders.

Diversified Energy

Diversified Energy is an operator of mature onshore gas production in the US. It delivers a stable production profile and generates significant cashflow and income. It has also grown materially over time through the acquisition of older wells.

BP

BP is a fully integrated energy company involved in exploration, production, refining, transportation and marketing of oil and natural gas. The company provides an attractive dividend yield.

Diageo

Diageo is one of the world's leading beverage companies. It produces and markets alcoholic drinks globally, with particular exposure to premium spirits and to higher growth emerging markets. It is set to benefit from stable consumption growth, especially at the premium end of the market where it has a strong brand presence.

British American Tobacco

British American Tobacco is the holding company for a group of companies that manufacture, market and sell cigarettes and next generation products. The company offers an attractive dividend yield with scope for good growth over time.

TotalEnergies

Total Energies is an integrated energy company, with significant positions in the production of oil, natural gas and clean energy. It is an internationally diversified business and has delivered a robust dividend that is backed by strong cash generation and has been resilient through periods of lower commodity prices.

SSE

SSE generates, transmits, distributes and supplies electricity to industrial, commercial and domestic customers in the UK and Ireland. The company's regulated utility returns support a high dividend yield, while its portfolio of offshore wind assets provide exposure to the fast growing renewable energy space.

Standard Chartered

Standard Chartered is an international banking group operating principally in Asia, Africa and the Middle East. The company offers its products and services in the personal consumer, corporate, institutional and treasury areas.

Investment Portfolio – Equities

As at 30 September 2022

Company	Market value £'000	Total portfolio %
abrdn Smaller Companies Income Trust	6,781	7.4
AstraZeneca	4,183	4.6
Shell	3,827	4.2
Diversified Energy	3,114	3.4
BP	2,700	3.0
Diageo	2,696	2.9
British American Tobacco	2,449	2.7
TotalEnergies	2,252	2.5
SSE	2,216	2.4
Standard Chartered	2,135	2.3
Ten largest investments	**32,353**	**35.4**
Energean	1,938	2.1
Rio Tinto	1,732	1.9
Chesnara	1,521	1.7
National Grid	1,466	1.6
Telecom Plus	1,354	1.5
BHP	1,350	1.5
Imperial Brands	1,344	1.5
Unilever	1,305	1.4
Prudential	1,125	1.2
Inchcape	1,079	1.2
Twenty largest investments	**46,567**	**51.0**

Investment Portfolio – Equities

Continued

As at 30 September 2022

Company	Market value £'000	Total portfolio %
M&G	1,075	1.2
Vodafone	1,063	1.2
Direct Line Insurance	951	1.0
Novo-Nordisk	944	1.0
Mondi	930	1.0
Sirius Real Estate	853	0.9
Close Brothers	834	0.9
Ashmore	824	0.9
Balfour Beatty	796	0.9
Morgan Sindall	770	0.8
Thirty largest investments	**55,607**	**60.8**
Howden Joinery	767	0.8
GSK	763	0.8
RS Group	758	0.8
Coca-Cola Hellenic Bottling Company	735	0.8
AXA	722	0.8
Bawag	712	0.8
NatWest	698	0.8
OSB	694	0.8
Legal & General	665	0.7
Intermediate Capital Group	607	0.7
Forty largest investments	**62,728**	**68.6**

As at 30 September 2022

Company	Market value £'000	Total portfolio %
Drax	571	0.6
Telenor	570	0.6
Entain	523	0.6
Supermarket Income REIT	510	0.6
Bodycote	506	0.6
Countryside Partnerships	496	0.5
Nordea	467	0.5
Assura	461	0.5
KONE	457	0.5
Engie	442	0.5
Fifty largest investments	**67,731**	**74.1**
Marshalls	439	0.5
Hiscox	423	0.5
Oxford Instruments	414	0.5
Wood Group	413	0.4
Urban Logistics	406	0.4
Softcat	280	0.3
Redrow	268	0.3
Bridge Point	197	0.2
Total equity investments	**70,571**	**77.2**

Investment Portfolio – Other Investments

As at 30 September 2022

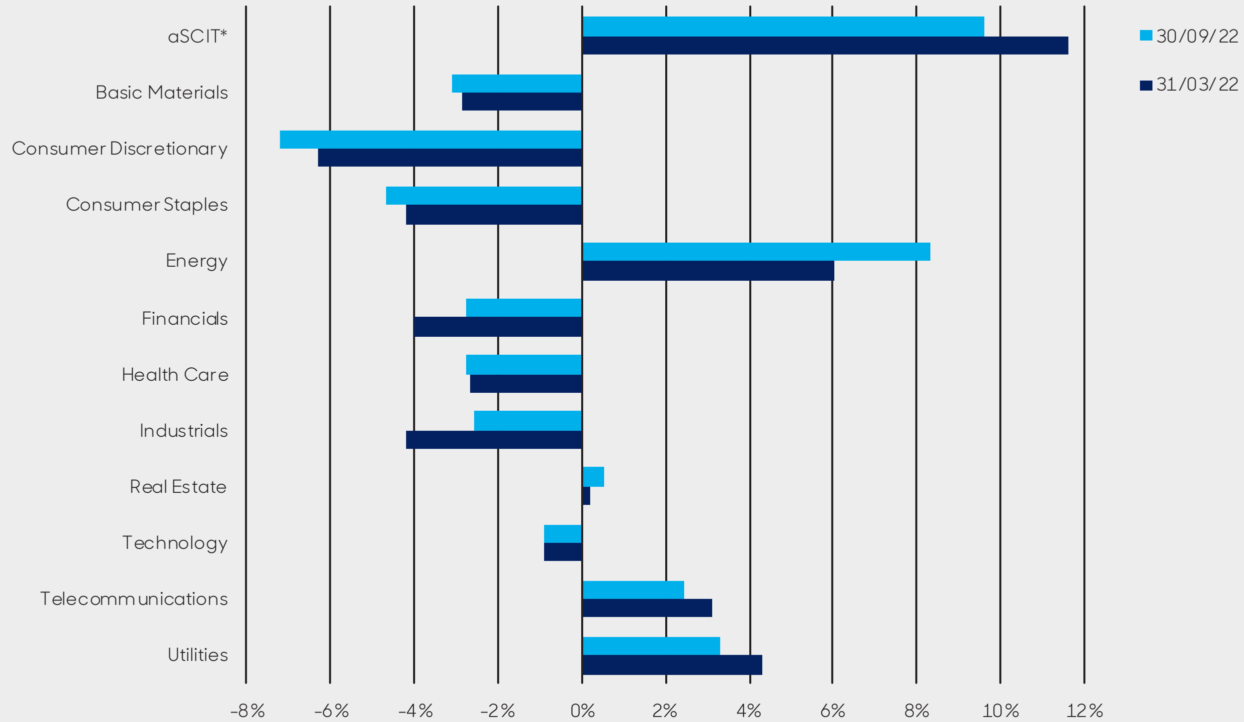
Company	Market value £'000	Total portfolio %
Preference shares[A]		
Ecclesiastical Insurance Office 8 5/8%	5,215	5.7
Royal & Sun Alliance 7 3/8%	4,263	4.7
Santander 10.375%	3,740	4.1
General Accident 7.875%	3,690	4.0
Standard Chartered 8.25%	3,032	3.3
R.E.A. Holdings 9%	879	1.0
Total preference shares	**20,819**	**22.8**
Total equity investments	**70,571**	**77.2**
Total investments	**91,390**	**100.0**

[A] None of the preference shares listed above has a fixed redemption date.

Distribution of Assets and Liabilities

	Valuation at 31 March 2022		Movement during the period			Valuation at 30 September 2022	
			Purchases	Sales	Losses		
	£'000	%	£'000	£'000	£'000	£'000	%
Listed investments							
Equities	77,709	90.5	6,242	(5,100)	(8,280)	**70,571**	**95.6**
Preference shares	24,716	28.8	–	–	(3,897)	**20,819**	**28.2**
Total investments	102,425	119.3	6,242	(5,100)	(12,177)	**91,390**	**123.8**
Current assets	2,656	3.1				**2,332**	**3.2**
Current liabilities	(19,262)	(22.4)				**(9,968)**	**(13.5)**
Non-current liabilities	–	–				**(9,945)**	**(13.5)**
Net assets	85,819	100.0				**73,809**	**100.0**
Net asset value per Ordinary share	278.29p					**238.20p**	

Listed Equities Weighting relative to the FTSE All-Share Index



* While the Company's investment in abrdn Smaller Companies Income Trust plc ("aSCIT") is classified under "Financials" for FTSE classification purposes, it is shown separately in the above chart given its materiality to the Company.

Investment Case Studies

KONE

KONE manufactures, distributes and maintains lift systems globally. While new equipment orders have reduced this year due to the slow down of the Chinese construction sector, KONE maintains a very strong order book and the Investment Manager expects that the company will see resilient earnings from ongoing service contracts. Other geographies have continued to deliver sales growth this year. Over time, the Investment Manager believes that the company's digital maintenance program and connected service offering should drive margin expansion and earnings growth. The company is also exposed to any easing of property policies in China that would stimulate more construction activity.

Hiscox

Hiscox is a UK-listed insurance company with broad exposure to diverse end-markets including retail, specialist and re-insurance. The company has a high quality retail business with the potential for meaningful longer term growth, particularly in the under-penetrated US SME market where it is a leader in offering digital insurance products. In the specialist and reinsurance markets, the company is now demonstrating a stronger track record of underwriting discipline after a period of underperformance and there is evidence that the pricing cycle is improving for re-insurance. The Investment Manager believes that this should support improved earnings. The company is also coming out of a multi-year period of self help and restructuring under a new CEO with the aim of delivering more consistent earnings.

Condensed Statement of Comprehensive Income

		30 September 2022 (unaudited)			30 September 2021 (unaudited)			31 March 2022 (audited)		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value		-	(12,177)	(12,177)	–	7,739	7,739	–	5,048	5,048
Currency gains		-	5	5	–	6	6	–	3	3
Investment income										
Dividend income		2,814	-	2,814	2,448	–	2,448	4,974	–	4,974
Stock dividends		-	-	-	164	–	164	194	–	194
Traded option premiums		31	-	31	29	–	29	71	–	71
		2,845	(12,172)	(9,327)	2,641	7,745	10,386	5,239	5,051	10,290
Expenses										
Management fee		(103)	(103)	(206)	(106)	(106)	(212)	(212)	(212)	(424)
Administrative expenses		(220)	-	(220)	(212)	–	(212)	(440)	–	(440)
Finance costs		(152)	(152)	(304)	(66)	(65)	(131)	(135)	(135)	(270)
		(475)	(255)	(730)	(384)	(171)	(555)	(787)	(347)	(1,134)
Profit/(loss) before taxation		2,370	(12,427)	(10,057)	2,257	7,574	9,831	4,452	4,704	9,156
Taxation	2	(54)	-	(54)	(34)	–	(34)	(73)	–	(73)
Profit/(loss) attributable to equity holders		2,316	(12,427)	(10,111)	2,223	7,574	9,797	4,379	4,704	9,083
Earnings per Ordinary share (pence)	4	7.50	(40.25)	(32.75)	7.21	24.59	31.80	14.21	15.27	29.48

The Company does not have any income or expense that is not included in the profit for the period, and therefore the profit for the period is also the "Total comprehensive income for the period", as defined in IAS 1 (revised).

The total column of this statement represents the Condensed Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

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

Condensed Balance Sheet

	Note	As at 30 September 2022 (unaudited) £'000	As at 30 September 2021 (unaudited) £'000	As at 31 March 2022 (audited) £'000
Non-current assets				
Equities		**70,571**	79,307	77,709
Preference shares		**20,819**	26,862	24,716
Securities at fair value		**91,390**	106,169	102,425
Current assets				
Accrued income and prepayments		**890**	895	1,173
Cash and cash equivalents		**1,442**	670	1,483
		2,332	1,565	2,656
Creditors: amounts falling due within one year				
Trade and other payables		**(968)**	(229)	(262)
Short-term borrowings		**(9,000)**	(18,999)	(19,000)
		(9,968)	(19,228)	(19,262)
Net current liabilities		**(7,636)**	(17,663)	(16,606)
Total assets less current liabilities		**83,754**	88,506	85,819
Non-current liabilities				
Long-term borrowings		**(9,945)**	–	–
Net assets		**73,809**	88,506	85,819
Share capital and reserves				
Called-up share capital	6	**15,532**	15,460	15,460
Share premium account		**21,412**	21,109	21,109
Capital reserve	7	**30,118**	45,415	42,545
Revenue reserve		**6,747**	6,522	6,705
Equity shareholders' funds		**73,809**	88,506	85,819
Net asset value per Ordinary share (pence)	5	**238.20**	287.01	278.29

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

Condensed Statement of Changes in Equity

Six months ended 30 September 2022 (unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2022	15,460	21,109	42,545	6,705	85,819
Issue of Ordinary shares	72	303	–	–	375
(Loss)/profit for the period	–	–	(12,427)	2,316	(10,111)
Equity dividends	–	–	–	(2,274)	(2,274)
As at 30 September 2022	15,532	21,412	30,118	6,747	73,809

Six months ended 30 September 2021 (unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2021	15,447	21,052	37,841	6,517	80,857
Issue of Ordinary shares	13	57	–	–	70
Profit for the period	–	–	7,574	2,223	9,797
Equity dividends	–	–	–	(2,218)	(2,218)
As at 30 September 2021	15,460	21,109	45,415	6,522	88,506

Year ended 31 March 2022 (audited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2021	15,447	21,052	37,841	6,517	80,857
Issue of Ordinary shares	13	57	–	–	70
Profit for the year	–	–	4,704	4,379	9,083
Equity dividends	–	–	–	(4,191)	(4,191)
As at 31 March 2022	15,460	21,109	42,545	6,705	85,819

Condensed Cash Flow Statement

	Six months ended 30 September 2022 (unaudited) £'000	Six months ended 30 September 2021 (unaudited) £'000	Year ended 31 March 2022 (audited) £'000
Net cash inflow from operating activities			
Dividend income received	**3,134**	2,561	4,809
Options premium received	**31**	42	71
Bank interest received	**2**	–	–
Management fee paid	**(212)**	(299)	(512)
Other cash expenses	**(200)**	(226)	(417)
Cash generated from operations	**2,755**	2,078	3,951
Interest paid	**(183)**	(143)	(280)
Overseas tax paid	**(88)**	(48)	(91)
Net cash inflow from operating activities	**2,484**	1,887	3,580
Cash flows from investing activities			
Purchases of investments	**(5,731)**	(11,278)	(13,372)
Sales of investments	**5,100**	6,549	9,739
Net cash outflow from investing activities	**(631)**	(4,729)	(3,633)
Cash flows from financing activities			
Equity dividends paid	**(2,274)**	(2,218)	(4,191)
Issue of Ordinary shares	**375**	70	70
Net cash outflow from financing activities	**(1,899)**	(2,148)	(4,121)
Net decrease in cash and cash equivalents	**(46)**	(4,990)	(4,174)
Reconciliation of net cash flow to movements in cash and cash equivalents			
Decrease in cash and cash equivalents as above	**(46)**	(4,990)	(4,174)
Net cash and cash equivalents at start of period	**1,483**	5,654	5,654
Effect of foreign exchange rate changes	**5**	6	3
Cash and cash equivalents at end of period	**1,442**	670	1,483

Non-cash transactions during the period comprised stock dividends of £nil (30 September 2021 – £164,000; 31 March 2022 – £194,000).

Notes to the Financial Statements

For the six months ended 30 September 2022

1. Accounting policies – Basis of accounting

The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 'Interim Financial Reporting', as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). They have also been prepared using the same accounting policies applied for the year ended 31 March 2022 financial statements, which were prepared in accordance with International Financial Reporting Standards (IFRS) and received an unqualified audit report.

The financial statements have been prepared on a going concern basis. In accordance with the Financial Reporting Council's guidance on 'Going Concern and Liquidity Risk', the Directors have undertaken a review of the Company's assets which primarily consist of a diverse portfolio of listed equity shares and in most circumstances, are realisable within a very short timescale.

2. Taxation

The taxation charge for the period represents withholding tax suffered on overseas dividend income.

3. Dividends

The following table shows the revenue for each period less the dividends declared in respect of the financial period to which they relate.

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Revenue	**2,316**	2,223	4,379
Dividends declared	**(1,982)**[A]	(1,972)[B]	(4,253)[C]
	334	251	126

[A] Dividends declared relate to first two interim dividends (3.20p each) in respect of the financial year 2022/23.
[B] Dividends declared relate to first two interim dividends (3.20p each) in respect of the financial year 2021/22.
[C] Three interim dividends (3.20p each), and the final dividend (4.20p) declared in respect of the financial year 2021/22.

4. Earnings per Ordinary share

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Returns are based on the following figures:			
Revenue return	**2,316**	2,223	4,379
Capital return	**(12,427)**	7,574	4,704
Total return	**(10,111)**	9,797	9,083
Weighted average number of Ordinary shares in issue	**30,874,580**	30,804,963	30,812,251

5. Net asset value per Ordinary share

The net asset value per Ordinary share and the net asset values attributable to Ordinary shareholders at the period end were as follows:

	As at 30 September 2022 (unaudited)	As at 30 September 2021 (unaudited)	As at 31 March 2022 (audited)
Net assets per Condensed Balance Sheet (£'000)	**73,809**	88,506	85,819
3.5% Cumulative Preference shares of £1 each (£'000)	**(50)**	(50)	(50)
Attributable net assets (£'000)	**73,759**	88,456	85,769
Number of Ordinary shares in issue	**30,964,580**	30,819,580	30,819,580
Net asset value per Ordinary share (p)	**238.20**	287.01	278.29

The Company has a policy of calculating the net asset value per Ordinary share based on net assets less an amount due to holders of 3.5% Cumulative Preference shares of £1 each equating to £1 per share (£50,000), divided by the number of Ordinary shares in issue.

6. Called up share capital

	30 September 2022		30 September 2021		31 March 2022	
	Number	£'000	Number	£'000	Number	£'000
Allotted, called up and fully paid Ordinary shares of 50 pence each:						
Balance brought forward	**30,819,580**	**15,410**	30,794,580	15,397	30,794,580	15,397
Ordinary shares issued	**145,000**	**72**	25,000	13	25,000	13
Balance carried forward	**30,964,580**	**15,482**	30,819,580	15,410	30,819,580	15,410
Allotted, called up and fully paid 3.5% Cumulative Preference shares of £1 each						
Balance brought forward and carried forward	**50,000**	**50**	50,000	50	50,000	50
		15,532		15,460		15,460

During the six months ended 30 September 2022 the Company issued 145,000 Ordinary shares of 50p each (six months ended 30 September 2021 – 25,000; year ended 31 March 2022 – 25,000) for proceeds of £375,000 (six months ended 30 September 2021 – £70,000; year ended 31 March 2022 – £70,000).

Notes to the Financial Statements

Continued

7. Capital reserve

The capital reserve reflected in the Condensed Balance Sheet at 30 September 2022 includes unrealised gains of £2,800,000 (30 September 2021 – unrealised gains of £19,147,000; 31 March 2022 – unrealised gains of £15,319,000) which relate to the revaluation of investments held at the reporting date. The balance relates to realised gains of £27,318,000 (30 September 2021 – £26,268,000; 31 March 2022 – £27,226,000).

8. Analysis of changes in financial liabilities

	Six months ended 30 September 2022 £'000	Six months ended 30 September 2021 £'000	Year ended 31 March 2022 £'000
Opening balance at 1 April	**(19,000)**	(18,999)	(18,999)
Cashflow	**–**	–	–
Other movements[A]	**55**	–	(1)
Closing balance	**(18,945)**	(18,999)	(19,000)

[A] The other movements represent the amortisation of the loan arrangement fees.

On 3 May 2022, the Company repaid its previous loan facility and entered into an agreement with The Royal Bank of Scotland International Limited, London Branch to provide a new £20 million loan facility of which £10,000,000 has been drawn down at a fixed rate of 3.903%. In addition, at the period end £9,000,000 of the facility was drawn on a short-term basis at an all-in interest rate of 3.34% and can be repaid without incurring any financial penalties. The new loan facility matures on 30 April 2027.

9. Transactions with the Manager

The Company has an agreement with abrdn Fund Managers Limited ("aFML") for the provision of management, secretarial, accounting and administration services and for the carrying out of promotional activities and saving scheme services in relation to the Company.

The management fee is based on 0.45% per annum up to £100 million and 0.40% per annum over £100 million, by reference to the net assets of the Company and including any borrowings up to a maximum of £30 million, and excluding commonly managed funds, calculated monthly and paid quarterly. The fee is allocated 50% to revenue and 50% to capital. The agreement is terminable on not less than six months' notice. The total of the fees paid and payable during the period to 30 September 2022 was £206,000 (30 September 2021 – £212,000; 31 March 2022 – £424,000) and the balance due to aFML at the period end was £101,000. (30 September 2021 – £107,000; 31 March 2022 – £107,000). The Company held an interest in a commonly managed fund, abrdn Smaller Companies Income Trust plc, in the portfolio during the period to 30 September 2022 (30 September 2021 and 31 March 2022 – same). The value attributable to this holding is excluded from the calculation of the management fee payable by the Company.

The management agreement with aFML also provides for the provision of promotional activities, which aFML has delegated to abrdn Investments Limited. The total fees paid and payable in relation to promotional activities were £20,000 (30 September 2021 – £20,000; 31 March 2022 – £54,000) and the balance due to aFML at the period end was £20,000 (30 September 2021 – £10,000; 31 March 2022 – £54,000). The Company's management agreement with aFML also provides for the provision of company secretarial and administration services to the Company; no separate fee is charged to the Company in respect of these services, which have been delegated to abrdn Holdings Limited.

During the period, the Company was granted VAT registered status backdated to 1 January 2021. Accordingly, all of the above figures are stated excluding VAT.

10. Segmental information

For management purposes, the Company is organised into one main operating segment, which invests in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

11. Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The financial assets and liabilities measured at fair value in the Condensed Balance Sheet are grouped into the fair value hierarchy as follows:

At 30 September 2022	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	**91,390**	**-**	**-**	**91,390**
Financial liabilities at fair value through profit or loss					
Derivatives	b)	**-**	**-**	**-**	**-**
Net fair value		**91,390**	**-**	**-**	**91,390**

At 30 September 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	106,169	–	–	106,169
Financial liabilities at fair value through profit or loss					
Derivatives	b)	–	(10)	–	(10)
Net fair value		106,169	(10)	–	106,159

Notes to the Financial Statements

Continued

At 31 March 2022	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	102,425	–	–	102,425
Financial liabilities at fair value through profit or loss					
Derivatives	b)	–	–	–	–
Net fair value		102,425	–	–	102,425

a) **Quoted investments.** The fair value of the Company's quoted investments has been determined by reference to their quoted bid prices at the reporting date. Quoted investments included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) **Derivatives.** The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis although not actively traded and therefore have been classed as Level 2.

The fair value of the Company's investments in Over the Counter Options has been determined using observable market inputs other than quoted prices included within Level 2.

12. The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 - 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2022 and 30 September 2021 has not been reviewed or audited by the Company's independent auditor.

The information for the year ended 31 March 2022 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the independent auditor on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

13. This Half Yearly Financial Report was approved by the Board on 30 November 2022.

Alternative Performance Measures

Alternative performance measures 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 IFRS and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Discount to net asset value per Ordinary share

The difference between the share price and the net asset value per Ordinary share expressed as a percentage of the net asset value per Ordinary share.

		30 September 2022	31 March 2022
NAV per Ordinary share (p)	a	**238.20**	278.29
Share price (p)	b	**229.50**	279.00
(Discount)/premium	(a-b)/a	**(3.7)%**	0.3%

Dividend yield

The annual dividend divided by the share price, expressed as a percentage.

		30 September 2022[A]	31 March 2022
Annual dividend per Ordinary share (p)	a	**13.80**	13.80
Share price (p)	b	**229.50**	279.00
Dividend yield	a/b	**6.0%**	4.9%

[A] Based on annual dividend declared for previous year.

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Alternative Performance Measures

Continued

Net gearing

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

		30 September 2022	31 March 2022
Borrowings (£'000)	a	**18,945**	19,000
Cash (£'000)	b	**1,442**	1,483
Amounts due to brokers (£'000)	c	**516**	5
Amounts due from brokers (£'000)	d	**-**	-
Shareholders' funds (£'000)	e	**73,809**	85,819
Net gearing	(a-b+c-d)/e	**24.4%**	20.4%

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values published throughout the year. The ratio for 30 September 2022 is based on forecast ongoing charges for the year ending 31 March 2023.

	30 September 2022	31 March 2022
Investment management fees (£'000)	**400**	424
Administrative expenses (£'000)	**412**	440
Less: non-recurring charges[A] (£'000)	**-**	(17)
Ongoing charges (£'000)	**812**	847
Average net assets (£'000)	**77,869**	86,114
Ongoing charges ratio (excluding look-through costs)	**1.04%**	0.98%
Look-through costs[B]	**0.14%**	0.16%
Ongoing charges ratio (including look-through costs)	**1.18%**	1.14%

[A] Comprises promotional activity 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, amongst other things, includes the cost of borrowings 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 Benchmark, respectively.

Six months ended 30 September 2022		NAV	Share Price
Opening at 1 April 2022	a	**278.29p**	279.00p
Closing at 30 September 2022	b	**238.20p**	229.50p
Price movements	c=(b/a)-1	**(14.4)%**	(17.7)%
Dividend reinvestment[A]	d	**2.1%**	2.0%
Total return	c+d	**(12.3)%**	(15.7)%

Year ended 31 March 2022		NAV	Share Price
Opening at 1 April 2021	a	**262.41p**	248.00p
Closing at 31 March 2022	b	**278.29p**	279.00p
Price movements	c=(b/a)-1	**6.1%**	12.5%
Dividend reinvestment[A]	d	**5.3%**	5.9%
Total return	c+d	**+11.4%**	+18.4%

[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.

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 Trust Corporation UK Limited 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: **shiresincome.co.uk**.

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, end the call and contact our Customer

Services Department.

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).

Any general queries about the Company should be directed to the Company Secretary in writing (see Contact Addresses) or by email to: **CEF.CoSec@abrdn.com.**

For questions about an investment held through the abrdn Investment Plan for Children, Investment Trust Share Plan or Investment Trust Stocks and Shares ISA, please telephone the Manager's Customer Services Department on **0808 500 0040**, email **inv.trusts@abrdn.com** or write to:

abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income for UK investors is £2,000 for the 2022/23 tax year. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

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 retail clients, shares can be bought directly through the abrdn Investment Plan for Children, Investment Trust Share Plan or Investment Trust Stocks and Shares ISA, or through the many stockbroker platforms which offer the opportunity to acquire shares in investment companies.

abrdn Investment Plan for Children

abrdn operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children's Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors only pay Government Stamp Duty (currently 0.5%) on purchase where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn Investment Trust Share Plan

abrdn operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors only pay Government Stamp Duty (currently 0.5%) on purchase where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing abrdn in writing at any time.

abrdn Investment Trust Stocks and Shares ISA

abrdn operates an Investment Trust Stocks and Shares ISA ("ISA") through which an investment may be made of up to £20,000 in the 2022/23 tax year.

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

ISA Transfer

Investors can choose to transfer previous tax year investments to abrdn, which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Nominee Accounts and Voting Rights

All investments in the abrdn Investment Plan for Children, Investment Trust Share Plan and Investment Trust Stocks and Shares ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

Investor Information

Continued

How to Attend and Vote at Company Meetings

Investors who hold their shares in the Company via the abrdn Investment Plan for Children, Investment Trust Share Plan and Investment Trust Stocks and Shares ISA and who would like to attend and vote at Company meetings (including AGMs) will be sent for completion and return a Letter of Direction in connection with the relevant meeting.

Investors who hold their shares via another 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 AGMs) 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: **shiresincome.co.uk.** 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.

Literature Request Service

For literature and application forms for abrdn's investment trust products, please contact us through: **invtrusts.co.uk.**

Or telephone: **0808 500 4000**

Or write to:
abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Terms and Conditions

Terms and conditions for abrdn managed savings products can also be found under at: **invtrusts.co.uk.**

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 who are seeking a high level of income, together with the potential for growth of both income and capital from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities, and who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company conducts its affairs so that its securities 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.

Online Dealing

There are a number of online dealing platforms for private investors 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 at: **fca.org.uk/firms/financial-services-register**

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 trust shares 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 30 to 33 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 Investments Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Contact Addresses

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Helen Sinclair

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Investment Manager
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Edinburgh EH2 2LL

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Freephone: **0808 500 0040**
(open Monday to Friday, 9.00 a.m. to 5.00 p.m., excluding public holidays in England & Wales)

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Shareholder Helpline: **(0)371 384 2501***
(*Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays in England & Wales. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider.)

Website: **shareview.co.uk**

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For more information visit **shiresincome.co.uk**

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