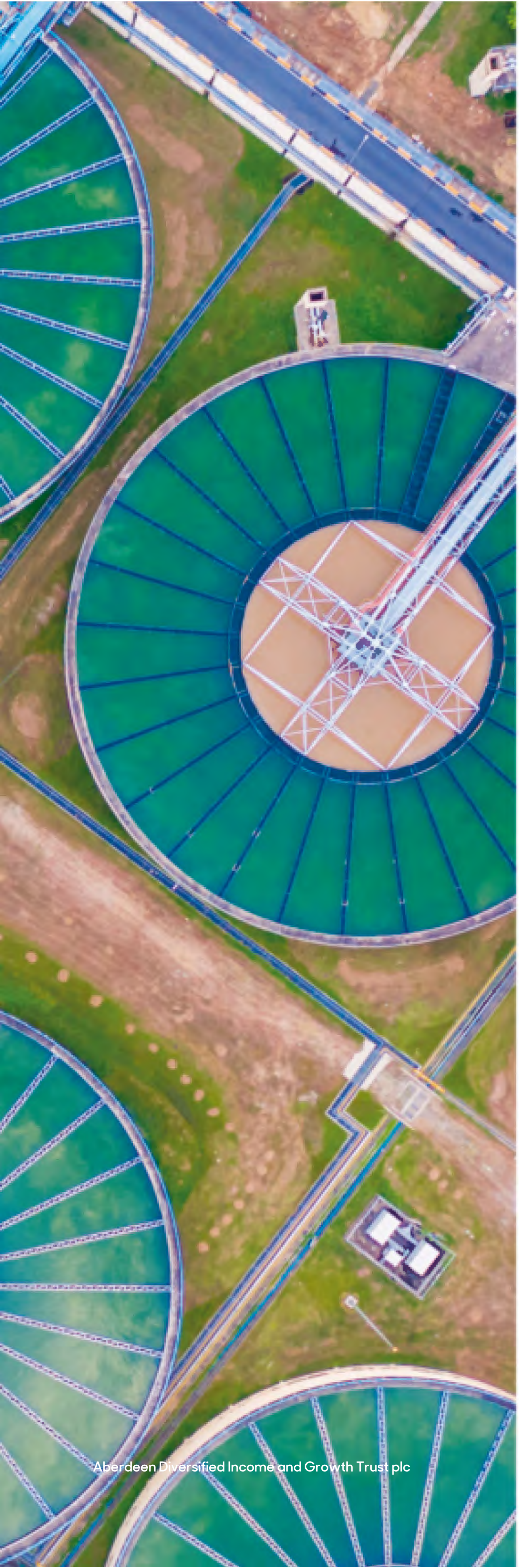
Aberdeen Diversified Income and Growth Trust PLC

Annual Report 30 September2022

Investing across asset classes aiming to deliver dependable income and growth

aberdeendiversified.co.uk



"The Board believes that the Company's strategy, which seeks to provide a dependable quarterly dividend and capital growth from a diversified portfolio, is well positioned to deliver an attractive total return with lower volatility than equities over the medium term."

Davina Walter, Chairman

"We feel that the Company is well protected in the current environment, and ready to take advantage of growth opportunities when the outlook improves."

Nalaka De Silva, Heather McKay, Simon Fox and Nic Baddeley, abrdn Investments Limited

Performance Highlights

Net asset value total return[AB]

+1.2%

2021 +12.5%

Share price total return[A]

–5.0%

2021 +15.6%

Revenue return per share

4.99p

2021 5.14p

Dividend per share[C]

5.60p

2021 5.52p

Dividend yield[A]

6.2%

2021 5.5%

Discount to net asset value (fair value basis)[AB]

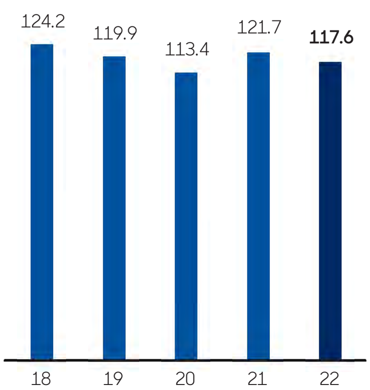
23.7%

2021 17.9%

[A] Considered to be an Alternative Performance Measure (see pages 114, 115 and 117 for more information).
[B] Debt at fair value.
[C] See note 8 on page 86.

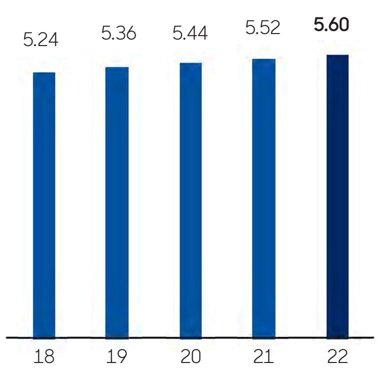
Net asset value per Ordinary share with debt at fair value

At 30 September – pence



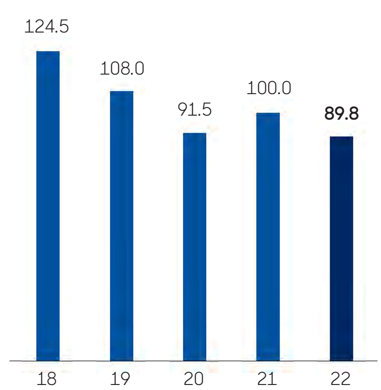
Dividends per Ordinary share

Year ended 30 September – pence



Mid-market price per Ordinary share

At 30 September – pence



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Financial Calendar, Dividends and Highlights

Payment months of quarterly dividends	**March, July, October and January**
Financial year end	**30 September**
Annual General Meeting	**28 February 2023**
Expected announcement of results for the year to 30 September 2023	**December 2023**

Dividends

	Rate	xd date	Record date	Payment date
First interim 2022	**1.40p**	**3 March 2022**	**4 March 2022**	**31 March 2022**
Second interim 2022	**1.40p**	**16 June 2022**	**17 June 2022**	**14 July 2022**
Third interim 2022	**1.40p**	**22 September 2022**	**23 September 2022**	**20 October 2022**
Fourth interim 2022	**1.40p**	**22 December 2022**	**23 December 2022**	**19 January 2023**
2022	**5.60p**			
First interim 2021	1.38p	4 March 2021	5 March 2021	31 March 2021
Second interim 2021	1.38p	17 June 2021	18 June 2021	15 July 2021
Third interim 2021	1.38p	30 September 2021	1 October 2021	28 October 2021
Fourth interim 2021	1.38p	23 December 2021	24 December 2021	20 January 2022
2021	5.52p			

Highlights

	2022	2021	% change
Total assets less current liabilities (before deducting prior charges)	**£379,052,000**	£397,782,000	–4.7
Total shareholders' funds (Net Assets)	**£363,358,000**	£382,118,000	–4.9
Market capitalisation	**£276,986,000**	£309,319,000	–10.5
Ordinary share price (mid market)	**89.80p**	100.00p	–10.2
Net asset value per Ordinary share (debt at fair value)[AB]	**117.63p**	121.73p	–3.4
Discount to net asset value on Ordinary shares (debt at fair value)[AB]	**23.7%**	17.9%	
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net gearing (debt at par value)[A]	**1.8%**	2.2%	
Net gearing (debt at fair value)[AB]	**2.0%**	3.7%	
Dividends and earnings per Ordinary share			
Revenue return per share	**4.99p**	5.14p	–2.9
Dividends per share[C]	**5.60p**	5.52p	+1.4
Dividend cover (including proposed fourth interim dividend)[A]	**0.89**	0.93	
Dividend yield[A]	**6.2%**	5.5%	
Revenue reserves[D]	**£39,261,000**	£41,009,000	–4.3
Ongoing charges ratio[AE]	**1.41%**	1.45%	

[A] Considered to be an Alternative Performance Measure. Details of the calculation can be found on pages 114 to 116.
[B] Fair value of 6.25% Bonds 2031 £16,222,000 (2021 – £21,233,000, reflecting the repurchase and cancellation of £43,904,000 of the Bonds during the prior year).
[C] The figure for dividends per share reflects the years to which their declaration relates (see note 8 on page 86).
[D] The revenue reserve figure does not take account of the third and fourth interim dividends paid after the year end amounting to £4,319,000 and £4,314,000 respectively (2021 – £4,269,000 and £4,267,000).
[E] 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.

Strategic Report

“The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.”

Chairman's Statement

During the past financial year, the Company's Net Asset Value ("NAV") and share price experienced steady performance with low volatility up until the end of August, despite a challenging period for global equity and bond markets, so it is disappointing to be reporting a sharp fall in the share price for the year to 30 September 2022, before income is re-invested, all of which occurred in September. September can best be described as a 'perfect storm' for financial markets as the threat of recession combined with the spiralling cost of living crisis as inflation hit highs not seen for many years, and the war in Ukraine shows no end in sight. The final straw for UK markets at the end of September was when the new Prime Minister at the time, Liz Truss, and her Chancellor, Kwasi Kwarteng, announced the now infamous 'mini budget' which produced a sharp sell-off in sterling, UK gilts and equities. During October, following the change of Chancellor and then subsequently Prime Minister, the majority of the previously announced 'mini budget' was reversed which has helped these markets recover to prior levels despite the ongoing challenges.

Portfolio performance

During our reporting period, which covers the year ended 30 September 2022, the Company's net asset value ("NAV") with debt at fair value, and income reinvested, was +1.2%. During September, as the events mentioned above unfolded, the Company's discount widened in the market sell-off with the result that the share price fell just over 10% over the year ended 30 September 2022; with income re-invested (total return) this still equated to a negative return to shareholders of 5.0%. Since the year end, the turbulence in stock markets has subsided and further information may be found in 'Outlook'.

Since the change of strategy in August 2020, up to 30 November 2022, the Company's NAV total return was 17.6%, with debt at fair value and dividends re-invested, which compares favourably with our return target of 6% per annum; our total return to shareholders, with income re-invested, was 18.5% over the same period.

Earnings and dividend

A major component of the proposition to investors remains a dependable quarterly dividend; this represented a dividend yield of 6.2% based on the year end share price of 89.8 pence. The Board confirmed, as part of the strategic review, its intention to continue to pay at least the current level of dividend. In addition, during the period while the new private markets' investments continue to grow their contribution to the Company's income, the Board is prepared to use its revenue reserves which have been built up by the Company over many years to support the dividend policy as required. These reserves are the equivalent of two years of the present dividend which should give shareholders a level of comfort regarding regular income payments.

Three interim dividends of 1.40 pence per share were paid to shareholders in March, July and October 2022. The Board declared, on 15 December 2022, a fourth interim dividend of 1.40 pence per share to be paid on 19 January 2023 to shareholders on the register on 23 December 2022. The ex-dividend date is 22 December 2022. Total dividends for the year are 5.60 pence per share. As in previous years, the Board intends to put to shareholders at the Annual General Meeting ("AGM") on 28 February 2023 a resolution in respect of its current policy to declare four interim dividends each year.

Discount management

Despite the increased stability and improved NAV performance achieved since the change in strategy in August 2020, the share price discount to NAV has remained stubbornly wide and at the year end was 23.7% (calculated with debt at fair value and including income). The Board is conscious that further work is required to increase awareness of the strengths and benefits of the revised strategy, which has an increased tilt towards private markets, and is working with the Manager and the Company's broker in this regard. While the Board is unhappy with the current level of the discount, the increased focus on less liquid investments is incongruous with the previous policy which, following a reconstruction in 2017, was stated as 'seeking to maintain the Company's share price discount to NAV (excluding income, with debt at fair value) at less than 5%, subject to normal market conditions'. While market conditions could hardly be described as 'normal' at times over the past couple of years, the Company's limited share buybacks have proved largely ineffective in narrowing the discount in these more volatile markets. Substantial buybacks in pursuit of defending a 5% discount level would not only demonstrably shrink the Company but, more importantly, would have a detrimental impact on the balance sheet and portfolio construction by reducing liquidity available for the Company's unfunded commitments. The Board does not believe this to be in the best interests of shareholders as a whole and, as a consequence, considers that a refinement of the share buyback policy to being investment-led is merited following the revision of the investment strategy.

The Board has reviewed the share buyback policy, working closely with the Manager. The Manager seeks to generate attractive risk adjusted returns by investing in, or committing to, new or existing opportunities, whilst having particular regard to the Company's return target, and taking into account income, predicted cash flows, market risk and liquidity requirements. It is proposed that, subject to overall liquidity needs, available cash may be used under the Company's share buyback authority, granted annually by shareholders, to undertake share buybacks where to do so represents a better prospect of delivering the return objective and long-term shareholder value than that which could be achieved by investing in new opportunities. Shareholders are able to endorse this revised policy, which the Board believes is preferable, being investment-led, by voting in favour of Resolution 15 at the AGM, which gives the Company the authority to buy back its own shares up to a limit of 14.99% of the then issued share capital. Further details on Resolution 15, as well as on Resolution 12 relating to the continuation of the Company, may be found on pages 51 and 52 of the Directors' Report.

Treasury shares

The Company bought back 871,424 shares into treasury, at a cost of £864,000, during the year ended 30 September 2022. The Board has agreed that shares bought into treasury will only be re-issued in the event of the share price trading at a premium to the NAV per share as Ordinary shares can be re-issued out of treasury less expensively than new Ordinary shares can be issued. Although shares may be held in treasury indefinitely the Board has adopted a policy such that, in the event that the number of treasury shares represents more than 10% of the Company's issued share capital (excluding treasury shares) at the end of any financial year, the Company will cancel a proportion of its treasury shares such that the remaining balance will equal 7.5% of the issued share capital (excluding treasury shares).

Investment team changes

During the year the Investment Manager has made changes to the team supporting Nalaka De Silva and I am delighted to welcome Heather McKay, Head of Global Active Allocation, and Simon Fox, Senior Investment Director for Global Active Allocation, who will now be working closely with Nalaka and Nic Baddeley. Heather brings considerable experience in strategic asset allocation while Simon, with his client consulting expertise, will support the Company's interaction with shareholders.

Gearing

The Company's net gearing was 2.0% at 30 September 2022 as compared to 3.7% as at 30 September 2021, with the 6.25% 2031 Bonds priced at fair value. The Board continues to keep the overall level of gearing under review but, in the prevailing economic environment, there is no current intention to introduce further gearing.

Board review

As part of its annual board review the Board engaged an experienced board review consultancy to undertake an evaluation of the Board, its committees and individual Directors. Assessments were undertaken by each Director and then discussed by the Board. The evaluation has helped confirm that the Company's Board has in place an appropriate balance of experience, skills, corporate knowledge and gender diversity (60% male, 40% female). Through recent changes to the listing rules boards will be, in future, required to report whether specific targets are met and publish data on the composition of the board by gender and ethnic backgrounds. Currently the Board meets two of the criteria that at least 40% of Directors should be women and at least one senior board position (Chair, CEO, CFO or SID) should be a woman. The Board will use future recruitment opportunities to meet the third criteria of a board member who considers their ethnicity to be other than white or minority white.

Environmental, social and governance ("ESG")

There is no simple answer to sustainable investing and policies that accommodate climate change especially as some of the strongest returns in markets have come from fossil fuel companies on the back of soaring energy prices. It is however very clear that these factors need to be carefully considered and active engagement with companies is required in order to help drive change. Taking account of ESG factors is now an integral part of the investment process at abrdn as well as the ongoing monitoring after investments are included in the portfolio. Equally as important the investment teams undertake constructive engagement with the investments held, in both public and private markets, on ESG issues and related risks. More detail on the approach to ESG can be found in the comments on Socially Responsible Investment Policy in the Overview of Strategy (page 17) as well as the comments on ESG which are set out in the Manager's Report. The Board continues to review closely the Manager's approach to, and adherence with, its ESG philosophy and policies.

Chairman's Statement

Continued

Changes in the allocation of certain expenses between capital and income

The Company has, in recent years, charged the Company's management fee and loan stock financing costs 60% to capital and 40% to revenue. Further to the reshaping of the investment portfolio following the strategic review in 2020, the Board has amended the allocation of these costs to charge 50% to capital and 50% to revenue with effect from 1 October 2022.

Name change

In order to align the Company's name with that of the Manager's business, which has changed to abrdn plc, the Board has resolved to amend the Company's name to **abrdn Diversified Income and Growth plc**, on or around 31 March 2023. The Company's website will change to **abrdndiversified.co.uk**. The Company's London Stock Exchange ticker, "ADIG", will remain unchanged.

AGM

This year's AGM is scheduled to be held in the South Place Hotel, 3 South Place, London, EC2M 2AF, from 12.30 p.m. on Tuesday 28 February 2023. The AGM provides shareholders with an opportunity to receive a presentation from the Investment Manager and to ask any questions that they may have of either the Board or the Investment Manager.

The Notice of AGM, which may be found on pages 119 to 123, includes Resolution 12 relating to the continuation of the Company. The Board encourages shareholders to vote in favour of the Company's continuation as it believes the Investment Manager's strategy is now well positioned to deliver a dependable quarterly dividend as well as capital growth from its genuinely diversified portfolio consisting of a wide range of assets, each with clear, fundamental performance drivers.

Outlook

Markets continue to face considerable risks. These include higher inflation rates fuelling a cost of living crisis, economic recession in major economies, rising interest rates and the Russia/Ukraine conflict showing no resolution in sight. Although markets have adjusted to reflect the likely damage to corporate earnings, there is little good news on the horizon to encourage investors back into the markets. The Board, with the Investment Manager, regularly reviews the asset allocation taking into account these heightened risks; and the portfolio does incorporate a degree of inflation-linkage through its infrastructure assets whilst the renewable investments offer a degree of income protection.

It is encouraging that markets have staged a recovery following the falls witnessed around the Company's year end in September. Throughout this challenging period, the Board believes that the Company's strategy, which seeks to provide a dependable quarterly dividend and capital growth from a globally diversified multi-asset portfolio, is well positioned to deliver an attractive total return with lower volatility than equities over the medium term.

Davina Walter
Chairman
20 December 2022

Overview of Strategy

Investment Objective

The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

Alongside this objective, the Board uses a Total Return (defined as dividends plus change in NAV) of 6% per annum over a rolling five year period against which to measure the returns from the portfolio.

Investment Approach

The Company is an investment trust governed by a Board of Directors with its Ordinary shares listed on the premium segment of the London Stock Exchange. It outsources its investment management and administration to an investment management group, abrdn plc, and other third party providers. The Company does not have a fixed life, but a resolution on whether the Company should continue is put to shareholders at each Annual General Meeting.

The Company invests globally using a flexible multi-asset approach via quoted and unlisted (Private Markets) investments providing shareholders with access to the kind of diversified portfolio held by large, sophisticated global investors.

It offers an attractive investment proposition characterised by:

- a genuinely diversified portfolio with access to a wide selection of alternative asset classes;
- an attractive income with the potential to grow;
- volatility around half that of equities; and
- the broad resources of abrdn plc.

An appropriate spread of risk is sought by investing in a diversified portfolio of securities and other assets. This includes, but is not limited to:

- Private Markets, comprising private equity, private credit, real estate, infrastructure, natural resources and unlisted alternatives;
- Listed Equities (including global equities, European green infrastructure, UK mid-cap equities as well as listed alternatives, such as royalties and litigation finance); and
- Fixed Income and Credit, comprising global loans, asset backed lending, and emerging/frontier market debt.

Asset allocation is flexible allowing investment in the most attractive investment opportunities at any point in time whilst always maintaining a diversified portfolio. The Company leverages off the spread of capabilities and experience within abrdn plc and may invest in funds managed by the Manager where such allocation can offer requisite exposure to certain alternative asset classes in a cost effective manner.

Investment Policy

The Manager has enhanced its investment approach to meet the requirements of the new investment objective. This has involved extending the proportion of Private Markets investments in the portfolio with new vehicles being introduced. The portfolio will also adopt a core-satellite approach.

With effect from the Company's AGM on 23 February 2021, the Company's shareholders approved a change to the Investment Policy, incorporating the following investment restrictions, at the time of investment, which the Manager must adhere to:

- no individual quoted company or transferable security exposure in the portfolio may exceed 15% of the Company's total assets, other than in treasuries and gilts;
- no other individual asset in the portfolio (including property, infrastructure, private equity, commodities and other alternative assets) may exceed 5% of the Company's total assets;
- the Company will not normally invest more than 5% of its total assets in the unlisted securities issued by any individual company; and
- no more than 15% of the Company's total assets may be invested in an individual regulated pooled investment fund.

The Company may invest in exchange-traded funds provided they are quoted on a recognised investment exchange. The Company may invest in cash and cash equivalents including money market funds, treasuries and gilts.

No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies. This restriction does not apply to investments in any such listed closed-ended investment companies which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies.

Overview of Strategy
Continued

The Company may use derivatives to enhance portfolio returns (of a capital or income nature) and for efficient portfolio management, that is, to reduce, transfer or eliminate risk in its investments, including protection against currency risks.

The Company may use gearing, in the form of borrowings and derivatives, to enhance income and capital returns over the long term. The borrowings may be in sterling or other currencies. The Company's articles of association contain a borrowing limit equal to the value of its adjusted total of capital and reserves. However, borrowings would not normally be expected to exceed 20% of shareholders' funds. Total gearing, including net derivative exposure, would not normally be expected to result in a net economic equity exposure in excess of 120%.

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

Management and Delivery of the Investment Objective

The Directors are responsible for determining the Company's investment objective and investment policy. Day-to-day management of the Company's assets has been delegated to abrdn Fund Managers Limited (the "Manager"). In turn, the investment management of the Company has been delegated by the Manager to abrdn Investments Limited (the "Investment Manager"). Both companies are subsidiaries of abrdn plc.

Investment Process

The Investment Manager believes that many investors could materially improve their long-run returns and/or reduce risk by having a more diversified portfolio. The Investment Manager's aim is to build a genuinely diversified portfolio consisting of a wide range of assets, each with clear, fundamental performance drivers that will deliver an attractive return for the Company's shareholders. The Investment Manager engages all of its research capabilities, including specialist macro and asset class researchers, to identify appropriate investments. The approach, which incorporates a robust risk framework, is not constrained by a benchmark mix of assets. This flexibility ensures that the Investment Manager does not feel compelled to invest shareholders' capital in investments which they believe to be unattractive.

The Company's portfolio consists of investments from a wide range of asset classes including, but not limited to, Private Markets (such as private equity, private credit, real estate, infrastructure, natural resources and unlisted alternatives), Listed Equities (including global equities, European green infrastructure, UK mid-cap equities as well as listed alternatives, such as royalties and litigation finance) and Fixed Income and Credit (such as global loans, asset backed lending, and emerging/frontier market debt). Detailed investment research (including operational due diligence for unlisted funds managed by third parties) is carried out on each potential opportunity by specialist teams within the Investment Manager (see pages 25 to 29 for further information).

The weighting ascribed to each investment in the portfolio reflects the perceived attractiveness of the investment case, including the contribution to portfolio diversification. The Investment Manager also ensures that the weighting is in keeping with its overall strategic framework for the portfolio based on the return and valuation analysis of the Investment Manager's Research Institute. The fundamental and valuation drivers of each investment are reviewed on an ongoing basis.

Key Performance Indicators ("KPIs")

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determining its progress in pursuing its investment policy. The primary KPIs, all of which are Alternative Performance Measures (see page 114 to 117 for further information), are shown in the table below.

KPI	Description
Investment performance	The Board reviews the performance of the portfolio as well as the net asset value and share price for the Company over a range of time periods in light of the Company's investment objective to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio (see Alternative Performance Measures on pages 114 to 117). The Board also reviews NAV and share price performance in comparison to the performance of competitors in the Company's chosen peer group. The Board monitors the Company's income yield. The Board reviews the sustainability of the Company's dividend policy and regularly reviews revenue forecasts and analysis provided by the Investment Manager on the sources of portfolio income in order to monitor the extent to which dividends are covered by net earnings. The Company's performance returns may be found on page 21.
Premium/discount to net asset value ("NAV")	The Board monitors the level of the Company's premium or discount to NAV and considers strategies for managing this. The Manager seeks to generate attractive risk adjusted returns by investing in, or committing to, new or existing opportunities, whilst having particular regard to the Company's return target, and taking into account income, predicted cash flows, market risk and liquidity requirements. It is proposed that where such opportunities are limited due to market conditions, then subject to overall liquidity needs, available cash may be used under the Company's share buyback authority, granted annually by shareholders, to purchase Ordinary shares of the Company, where to do so represents a better opportunity to deliver long-term shareholder value without disrupting the overall portfolio. In addition, the Company has adopted a formal policy for the issuance of new shares and/or the sale of shares from treasury to meet demand for shares in the market, and will only issue or sell shares from treasury where the Company's share price is trading at a minimum premium to its net asset value per share (calculated including income, with debt at fair value, at the Directors' discretion).
Ongoing charges	The ongoing charges ratio has been calculated in accordance with guidance issued by the Association of Investment Companies (the "AIC") as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year. This includes the Company's share of costs of holdings in investment companies on a look-through basis. The Board reviews the ongoing charges and monitors the expenses incurred by the Company. The Company's ongoing charges for the year, and the previous year, are disclosed on page 5 while the basis of calculation is set out on page 116.

Overview of Strategy

Continued

Principal Risks and Uncertainties

The Board has in place a robust process to assess and monitor the principal and emerging risks facing the Company. A core element of this is the Company's risk controls self-assessment ("RCSA"), which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of the controls in place to mitigate the risk. A residual risk rating is then calculated for each risk based on the outcome of this assessment and plotted on a risk heat-map. This approach allows the effect of any mitigating procedures to be reflected in the final assessment. The RCSA, its method of preparation and the operation of the key controls within the Manager's and third party service providers' systems of internal control are reviewed on a regular basis by the Audit Committee.

In order to gain a more comprehensive understanding of the Manager's and other third party service providers' risk management processes and how these apply to the Company's business, the Manager's internal audit department presents to the Audit Committee setting out the results of testing performed in relation to the Manager's internal control processes. The Audit Committee also periodically receives presentations from the Manager's risk and compliance and internal audit teams and reviews ISAE3402 reports from the Manager and from the Company's Depositary (The Bank of New York Mellon (International) Limited). The custodian is appointed by the Company's Depositary and does not have a direct contractual relationship with the Company.

The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance, solvency or liquidity. The Board is confident that the procedures which the Company has in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the year ended 30 September 2022.

The Board is monitoring the increasing political and economic uncertainty which emerged during the year ended 30 September 2022 and could affect markets, particularly the reaction to higher interest rates and the market volatility associated with the conflict in Ukraine.

The Board is also conscious of the elevated threat posed by climate change and continues to monitor, through its Investment Manager, the potential risk that its portfolio investments may fail to adapt to the requirements imposed by climate change further details may be found under 'Market Risk'.

Other than this, the Audit Committee does not consider that the principal risks and uncertainties have changed materially during the year ended 30 September 2022.

Risk	Mitigating Action
Performance risk The Board is responsible for determining the investment policy to fulfil the Company's objectives and for monitoring the performance of the Company's Investment Manager and the strategy adopted. An inappropriate policy or strategy may lead to poor performance, dissatisfied shareholders and a lower premium or higher discount. The Company may invest in unlisted investments (such as private credit, real estate, infrastructure, natural resources, private equity and alternatives). These types of investments are expected to have a different risk and return profile to the rest of the Company's investment portfolio. They may be relatively illiquid and it may be difficult for the Company to realise these investments over a short time period, which may have a negative impact on performance.	To manage these risks the Board reviews the Company's investment mandate and long term strategy at least annually and monitors, at each Board meeting, that appropriate limits are in place on the overall level of unlisted alternative assets and gearing. It is expected that around 55% of the Company's total assets, at the time of investment, may be invested in aggregate in unlisted alternative assets. The Investment Manager provides the Board with an explanation of significant investment decisions, the rationale for the composition of the investment portfolio and movements in the level of gearing. The Board monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy.

Risk	Mitigating Action
Portfolio risk Risk analysis for a multi-asset portfolio needs to consider the interaction of asset classes and how these might correlate, or offset each other, under various scenarios.	The Board employs several strategies to monitor and assess that portfolio risk is appropriate. These include regular analysis of various risk metrics including asset class risk attribution, asset class returns and contributions to performance, particularly in periods of equity market stress, and how the current portfolio would perform in various forward-looking and historical scenarios.
Gearing risk The Company has the authority to borrow money or increase levels of market exposure through the use of derivatives and may do so when the Investment Manager is confident that market conditions and opportunities exist to enhance investment returns. However, if the investments fall in value, any borrowings will magnify the extent of this fall in value.	All borrowings require the approval of the Board and gearing levels are reviewed regularly by the Board and the Investment Manager. Borrowings (including the Bonds) would not normally be expected to exceed 20% of shareholders' funds. Total gearing, including net derivative exposure, would not normally be expected to result in net economic equity exposure in excess of 120%.
Income/dividend risk The amount of dividends received will depend on the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of earnings available for distribution to shareholders.	The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income and expenses at each meeting.
Regulatory risk The Company operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Following authorisation under the Alternative Investment Fund Managers Directive ("AIFMD"), the Company and its appointed AIFM are subject to the risk that the requirements of this Directive are not correctly complied with.	The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company.
Operational risk In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Manager and the Depositary.	The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of the systems in place with third parties. These systems are regularly tested and monitored throughout the year, including in relation to cyber risk, through their industry-standard controls reports which provide assurance on the effective operation of internal controls. The controls reports are assessed independently by their reporting accountants.

Overview of Strategy

Continued

Risk	Mitigating Action
Market risk Market risk arises from volatility in the prices or valuation of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements. The Company invests in global assets across a range of countries and changes in general economic and market conditions in certain countries, such as interest rates, exchange rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts, economic sanctions and other factors can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price. The risk posed by Covid-19, in driving stock market volatility and uncertainty, appears to be receding as the global economy starts to return to previous levels, although this is tempered by rising concerns over the war in Ukraine, supply chain constraints and associated inflation.	The Board considers the diversification of the portfolio, asset allocation, stock selection, unlisted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager. The Board assesses climate change as an emerging risk in terms of how it develops, including how investor sentiment is evolving towards climate change within investment portfolios, and will consider how the Company may mitigate this risk, any other emerging risks, if and when they become material. The Board regularly engages with the Manager to understand how climate change, represented by environmental factors as part of ESG, is a key consideration within the Manager's investment process (see also pages 39 to 42 for further information on the Manager's ESG).
Financial risks The Company's investment activities expose it to a variety of financial risks which include foreign currency risk and interest rate risk.	Further details are disclosed in note 17 to the financial statements, together with a summary of the policies for managing these risks.

The Board regularly reviews emerging risks facing the Company, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events. A failure to have in place appropriate procedures to assist in identifying emerging risks may cause reactive actions and, in the worst case, could cause the Company to become unviable or otherwise fail.

The principal risks associated with an investment in the Company's shares can be found in the pre-investment disclosure document ("PIDD") published by the AIFM, which is available from the Company's website: **aberdeendiversified.co.uk**

Gearing

As at 30 September 2022, the Company had in place structural gearing in the form of £16,096,000 6.25% Bonds 2031 (the "Bonds"). The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. The Board has set its gearing limit at a maximum of 20% of the net asset value at the time of draw down. The Board monitors the gearing position regularly and considers alternative financing options.

Board Diversity
The Board is fully supportive of all aspects of diversity and the importance of having a range of skilled, experienced individuals with relevant knowledge in order to allow it to fulfil its obligations. Further information may be found on Board Diversity may be found in the Directors' Report, on pages 47 and 48.

Promoting the Company
The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to, and participation in, the promotional programme (the "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 which regularly reports to the Board, including analysis of the effectiveness of the Programme as well as updates on the shareholder register and any changes in the composition of that register.

The purpose of the Programme 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 and therefore the Company also supports abrdn's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

Environmental, Social and Human Rights Issues
The Company has no employees as 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 and the Board maintains oversight and retains responsibility for the policy.

Socially Responsible Investment Policy
The Directors review the Manager's policy that encourages companies in which investments are made to adhere to best practice in the area of corporate governance and socially responsible investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas. The Manager's ultimate objective, however, is to deliver superior investment returns for its clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in these areas, this should not be to the detriment of the return on the investment portfolio. Further details on the Manager's Environmental, Social and Governance ("ESG") engagement process, including a case study, can be found on pages 39 to 42.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder
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. The full text of the Manager's response to the FRC's Stewardship Code 2020 may be found on its website.

Modern Slavery Act
Due to the nature of the Company's business, being an investment company that does not offer goods and services to customers, the Board considers that it 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.

However, the Board maintains oversight of its third party suppliers and considers that, as these comprise predominantly professional advisers and service providers in the financial services industry, the risk is likely to be low in relation to this matter.

Global Greenhouse Gas Emissions
The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. However, at the portfolio level, the Manager engages on environmental issues with underlying investments as part of its ESG policy.

Overview of Strategy

Continued

Viability Statement

In accordance with the provisions of the UKLA's Listing Rules and the FRC's UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for the period up to the AGM in 2028, being a five year period from the date of shareholders' approval of this Report. The five year review period was selected because it is aligned with the medium term performance period of five years over which the Company is assessed in relation to its investment objective to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio. The Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

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 14 to 16 and the steps taken to mitigate these risks;
- the relevance of the Company's investment objective and investment policy, in the current yield environment, which targets a truly diversified multi-asset approach to generate highly attractive long-term income and capital returns;
- the proportion of the Company's investment portfolio is invested in securities which are realisable within a short timescale;
- the Company's reduced cash outflows due to lower interest payments following the repurchase of the Bonds;
- the annual continuation vote to be put to shareholders at the AGM on 28 February 2023; and
- the level of demand for the Company's shares.

The five-year review considers the Company's cash flow, cash distributions and other key financial ratios over the period. The five-year review also makes certain assumptions about the normal level of expenditure likely to occur and considers the impact on the financing facilities of the Company.

In making this assessment, the Board has considered in particular the potential longer term impact of a large economic shock, a period of increased stock market volatility and/or markets at depressed levels, a significant reduction in the liquidity of the portfolio or changes in investor sentiment or regulation, and how these factors might affect the Company's prospects and viability in the future. The Board undertook scenario analysis in reaching its conclusions, but recognised that the Company's operating expenses are significantly lower than its total income.

The Board has also considered a number of financial metrics, including:

- the level of current and historic ongoing charges incurred by the Company;
- the share price discount to NAV;
- the level of income generated by the Company;
- future income forecasts; and
- the liquidity of the Company's portfolio.

Considering the liquidity of the portfolio and the largely fixed overheads which comprise a small percentage of net assets, the Board has concluded that, even in exceptionally stressed operating conditions, the Company would be able to meet its ongoing operating costs as they fall due.

Taking into account the Company's current 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 five years from the date of this Report, subject to shareholders' approval of the continuation vote at each AGM, noting the level of comprehensive support given at the last AGM.

Outlook

The Board's view on the general outlook for the Company can be found in the Chairman's Statement on page 10 under "Outlook" while the Investment Manager's views on the outlook for the portfolio are included in its report on pages 28 and 29.

On behalf of the Board
Davina Walter
Chairman
20 December 2022

Promoting the Success of the Company

The Board is required to report how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 during the year under review. Under this requirement, the Directors have a duty to promote the success of the Company for the benefit of its members (shareholders) as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with the Company's stakeholders, and the impact of the Company's operations on the environment. In addition, the Directors must act fairly between shareholders and be cognisant of maintaining the reputation of the Company.

The Purpose of the Company and Role of the Board

The purpose of the Company is to act as a vehicle to provide, over time, financial returns (both income and capital) to its shareholders. Investment trusts, such as the Company, are long-term investment vehicles and are typically externally managed, have no employees, and are overseen by an independent non-executive board of directors.

The Board, which during the year comprised five independent non-executive Directors with a broad range of skills and experience across all major functions that affect the Company, retains responsibility 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's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect as well as the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager operates at its regular meetings and receives regular reporting and feedback from the key service providers.

The Company's main stakeholders are its shareholders, the Manager, investee companies and funds, service providers and the holders of the Company's Bonds.

How the Board Engages with Stakeholders

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

Stakeholder	How the Board Engages
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them, and meet, in the absence of the Manager, with current and prospective shareholders to discuss performance and to receive shareholder feedback. The Board welcomes all shareholders' views. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, Manager's monthly factsheets, company announcements, including daily net asset value announcements, and the Company's website.
Manager	The Investment Manager's Report on pages 25 to 29 details the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with the oversight of the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually. More details are provided on pages 48 and 49.

Promoting the Success of the Company

Continued

Investee Companies and Funds	Responsibility for actively monitoring the activities of investee companies and funds has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Investment Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Board and Manager are committed to investing in a responsible manner and the Investment Manager integrates environmental, social and governance considerations into its research and analysis as part of the investment decision-making process. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. Further details are provided on pages 39 to 42.
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 Audit 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 and providing value for money.
Debt Providers	On behalf of the Board, the Manager maintains a positive working relationship with Law Debenture Trust p.l.c. as trustee on behalf of the holders of the Company's Bonds, ensuring compliance with its covenants.

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not new, and is considered as part of every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 30 September 2022.

Independent evaluation of the Board

In July 2022, the Company engaged Lintstock Ltd to undertake an independent external evaluation of the effectiveness of the Board. Further information may be found in the Directors' Report on page 49.

Dividends Paid to Shareholders

The level, frequency and timing of dividends paid are key considerations for the Board, taking into account net earnings for the year and the Company's objective of providing shareholders with dependable income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

The total dividends per share of 5.60p in respect of the Year, representing an increase of 1.4% on the prior year, and the Company's dividend policy to make four equal to shareholders throughout the year, reflects this.

Share Buy Backs

During the Year the Company bought back 871,424 Ordinary shares to be held in treasury, providing a small accretion to the NAV and a degree of liquidity to the market at times when the discount to the NAV per share had widened during normal market conditions. The Board is of the view that the proposed investment-led policy around share buybacks remains in the best interests of all shareholders.

Performance and Results

Performance (total return)

	31 March 2017[B] – 30 September 2022 % return	31 December 2020[C] – 30 September 2022 % return	1 year % return	3 years % return	5 years % return
Net asset value – debt at par[A]	+12.8	+7.2	–0.2	+5.3	+9.3
Net asset value – debt at fair value[A]	+21.0	+9.3	+1.2	+12.9	+15.6
Share price[A]	+3.0	–2.3	–5.0	–1.9	–3.7

[A] Considered to be an Alternative Performance Measure. Total return represents the capital return plus dividends reinvested. Further details can be found on page 117.
[B] Change of Investment Objective and Investment Policy on 31 March 2017.
[C] Change of Investment Objective and Investment Policy on 31 December 2020.
Source: abrdn, Morningstar and Lipper.

Ten Year Financial Record

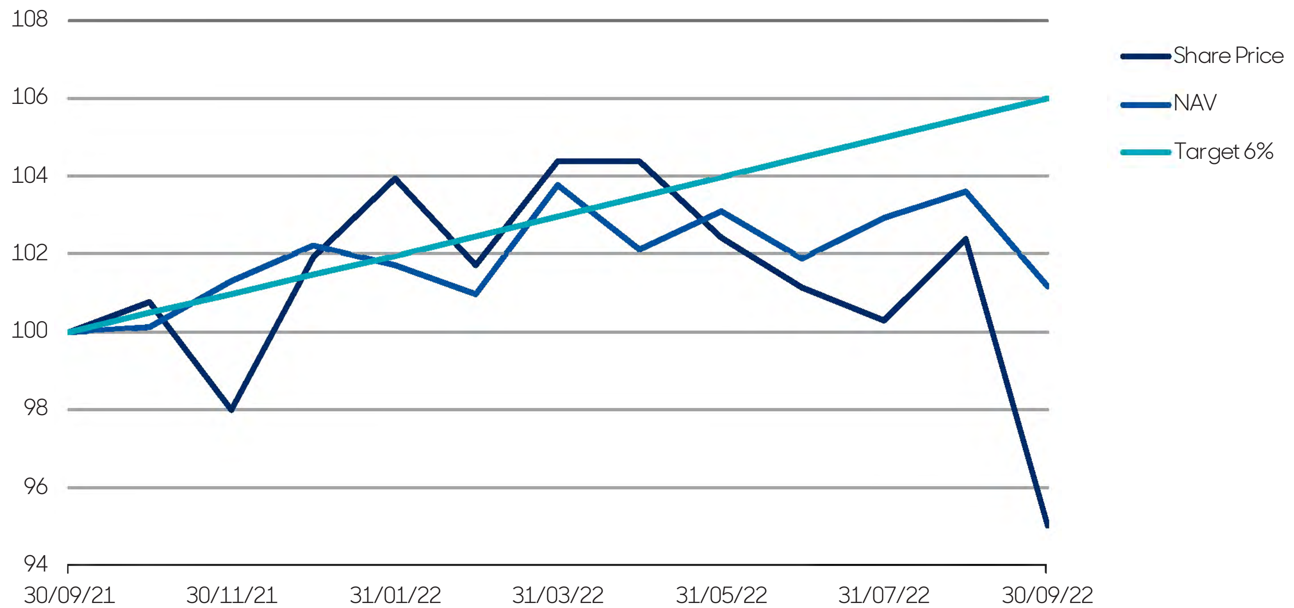
Year to/As at 30 September	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total revenue (£'000)	22,382	23,608	23,120	23,265	17,961	23,262	22,106	20,783	18,878	17,959
Per Ordinary share (p)										
Net revenue return	6.6	7.0	7.1	7.6	5.3	6.2	5.7	5.6	5.1	5.0
Total return	19.3	9.3	(4.5)	1.3	8.0	2.8	2.6	(1.4)	6.7	(0.2)
Net dividends payable	6.252	6.44	6.54	6.54	5.89	5.24	5.36	5.44	5.52	5.60
Net asset value per Ordinary share (p)										
Debt at par value	144.5	147.5	136.6	131.6	132.7	130.3	128.1	121.7	123.5	117.8
Debt at fair value	139.3	143.3	131.0	123.6	126.4	124.2	119.9	113.4	121.7	117.6
Equity shareholders' funds (£'000)	418,345	426,865	374,832	351,521	436,767	428,129	413,679	386,230	382,118	363,358

Performance and Results

Continued

Total Return of NAV (debt at fair value) and Share Price

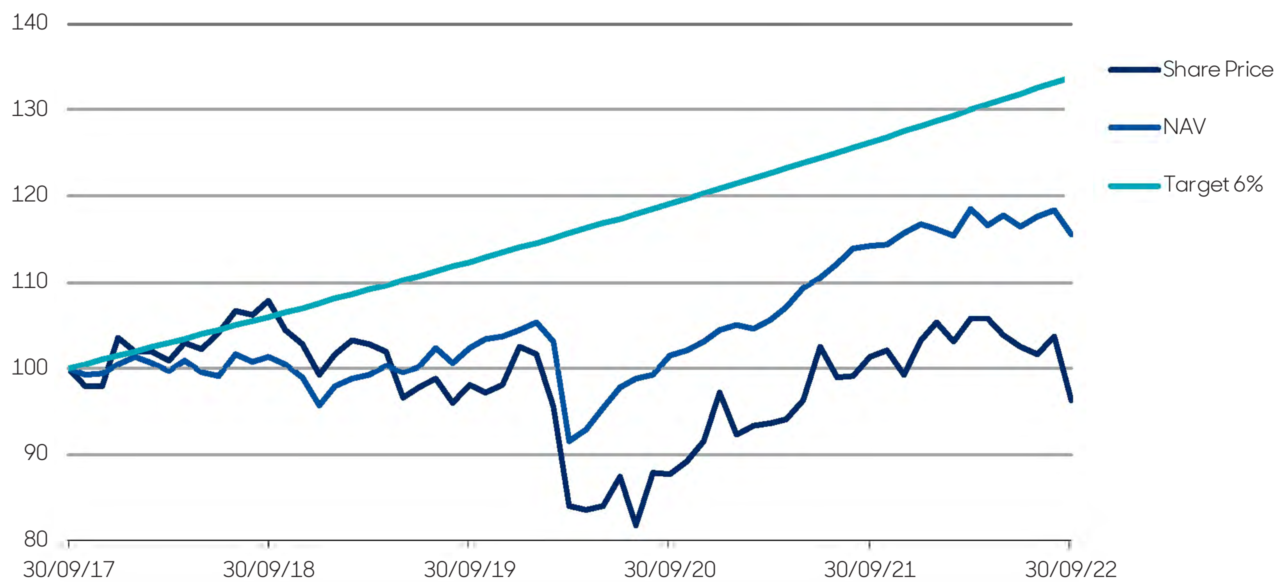
Year ended 30 September 2022



Source: Morningstar & Lipper

Total Return of NAV (debt at fair value) and Share Price

30 September 2017 to 30 September 2022 (all figures rebased to 100 at 30 September 2017)



Source: Morningstar & Lipper

Information about the Manager

abrdn Fund Managers Limited

The Company's Manager is abrdn Fund Managers Limited, a subsidiary of abrdn plc which manages a combined £508 billion (as at 30 June 2022) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

The Investment Team

Nalaka De Silva

Head of Private Markets Solutions

Nalaka has 20 years' experience in developing, implementing and managing strategies across the Public and Private Markets spectrum. This includes investments across Private Equity, Infrastructure, Real Estate, Natural Resources and Private Credit on a global basis. Solutions based strategies are designed around client outcomes including growth, income and proactive ESG strategies.

Nalaka joined abrdn in 2012. Prior to this, Nalaka held senior roles at Australian and European Investment management firms. He has lead M&A activity, off-market acquisitions and divestments of assets together with offshore and onshore capital raising in debt and equity markets. Nalaka is a qualified Chartered Accountant and holds a postgraduate degree in Commercial Law and Accounting.

Heather McKay

Head of Global Active Allocation

Heather leads the Global Active Allocation Portfolio Management team within Multi-Asset Solutions, with more than a decade of experience in managing a range of strategic multi-asset growth mandates. Heather joined abrdn following the SWIP acquisition in April 2014. Prior to joining the SWIP Multi-Asset team in 2010, Heather was a Credit Analyst within the Fixed Income team covering autos, financials and insurance sectors. Heather joined SWIP from Baillie Gifford & Co, where she was an equity analyst for more than four years. Heather graduated with a First Class Honours BAcc with Finance degree from the University of Glasgow. She is IMC qualified and is a CFA® charterholder.

Simon Fox

Senior Investment Director

Simon is a Senior Director in the Global Active Allocation team within Multi-Asset and Investment Solutions. Prior to joining in 2015, Simon was at Mercer for twelve years, initially as a senior client consultant responsible for advising on investment strategy, portfolio structuring, manager selection, and performance monitoring. Later on, he joined Mercer's Alternatives boutique as a Director of Research with client consulting responsibilities, including coverage of macro, currency and commodity strategies and multi-asset investments; and sat on the Alternatives Investment Committee. Throughout this period, Simon was a regular contributor to Mercer's broader intellectual capital - from hedge funds to commodities, timberland and agriculture. Simon has a Masters in European Politics and Policy from the LSE and an MA(Oxon) in Mathematics from Oxford University. He is also a CFA® charterholder.

Nic Baddeley

Investment Manager

Nic has 8 years' experience in investment analysis and management working across public and private asset classes. He is responsible for the management of private markets portfolios undertaken by the Private Markets Solutions desk, as well as the continual development of investment processes, portfolio management and risk management techniques. Prior to joining the current team, Nic worked as an analyst with the global listed real estate team, responsible for sector coverage of the Chinese housebuilders, portfolio construction, and risk measurement.

Nic joined abrdn in 2015, prior to which he worked as a data scientist for a global data consultancy, and as an investment analyst at Mercer focussing on strategy analysis and fund recommendations for institutional investors. Nic graduated from the University of Edinburgh with an MA (Hons) degree in Psychology and is a CFA® charterholder.

Investment Manager's Process

Investment Manager's Process

Risk management is embedded in the Investment Manager's process. The approach is based around four pillars: Diversification principles, Risk models, Scenario analysis and Peer review. In addition, liquidity risk is also actively monitored, both by the Investment Manager and via regular independent stress tests.

Further detail on each of the pillars is provided below:

- **Diversification principles**

  The Investment Manager believes that diversification is a necessary element of any robust multi-asset portfolio, reducing portfolio volatility in the short term and reducing the reliance on any one asset class over the medium to long-term. Diversification benefits arise from the range of assets that are considered within the Company's portfolio; the longer-term modelling that is used to establish the strategic framework; and they are also actively considered as part of the day to day decision making for the portfolio. The Investment Manager seeks to ensure that there is not a disproportionate exposure or contribution to portfolio risk from any one asset class or investment.

- **Risk models**

  The second pillar of the risk management approach is the use of quantitative risk models. Although the Investment Manager acknowledges that risk models can have their limitations, it believes that they are a valuable input into the broader process. In particular, they can provide an efficient, clear and objective view on the portfolio's risk exposures at any given time.

- **Scenario analysis**

  While the risk models include certain historic stress test scenarios in their analysis, it is important to also consider how investments in the portfolio might be expected to behave in various hypothetical scenarios. The scenario analysis harnesses both the experience of the investment team and the broader insights gained from across abrdn. From this analysis, the Investment Manager is seeking to gain comfort that the potential risk of, and impact from, any given scenario is acceptable. This helps to ensure that the portfolio is resilient to the wide range of scenarios that might play out over time.

- **Peer review**

  To ensure that the Investment Manager is capturing the best ideas within the portfolio, the investment process has been designed to source views from across the business and reflect back its own insights. On a formal basis, the peer review process also includes oversight from a monthly meeting of the Investment Manager's Diversified Asset Review Group as well as input from abrdn's independent risk team and liquidity stress tests undertaken by the dealing desk.

Investment Manager's Report

Markets over the last twelve months have been volatile and tough to navigate for many investors. This time last year, the main topic of conversation was whether inflation was transitory or more permanent. Inflation is still the number one factor driving markets, but the debate has moved on to how high for how long, and how appropriate central banks' responses have been.

Alongside rising interest rates, there have been additional shocks including a significant strengthening of the US dollar, political instability in the UK, China's zero Covid-19 policy and military conflict in Ukraine, each buffeting markets and providing little relief for investors, resulting in a traditional portfolio, comprising 60% in equities and 40% in bonds, on track for its worst performance since 1936.

As inflation continued above target, central banks had to respond fast and hard, led by the US Federal Reserve which has raised its base rate 3% in 6 months. Global government bonds have lost considerable capital value as a result, but the drive to combat inflation via higher rates has also had a significant impact on other risk assets as well.

Investors in floating rate credit (both public and private) were partly protected from the direct impact in higher rates, given their link to interest rates. But credit spreads in general have risen, and there is an indirect impact of higher yields on default risk, both of which mean capital values have still reduced.

Equity markets also provided little respite for investors, as central bank action increased the likelihood of an economic slowdown or recession. Towards year end in many sectors companies started reducing their profit forecasts for the coming years, to reflect the more pessimistic outlook. Countering this trend, of course, were energy stocks globally as countries, particularly in Europe, secured and stored supplies ahead of winter, given shutdowns in pipelines from Russia.

In Private Markets, the global economic outlook had varying impacts. While private equity deal activity declined in the second half of 2022, across Europe quarter-over-quarter deal value was down 31.6% and deal count was down by 9.6% (Source: Pitchbook, October 2022) as the external headwinds impacted private equity. However, despite this, opportunities across sectors such as IT still exist as long-term trends of digitalisation and tech innovation are still areas of growth. Within infrastructure, power generating assets and investments with inflation linked revenues provided positive returns as inflation forecasts were sequentially lifted, and power prices, particularly in Europe, spiked. The returns generated by power producing assets has brought them under the microscope of law makers, with windfall taxes and price caps mooted. In terms of transactions, we saw a slowdown in activity globally across H2 2022. Deal volume fell to $185.4bn across 701 deals from $255.1bn across 800 transactions in Q3 2021 (Source: Inframation, October 2022) . However, activity did vary across sectors as transport and telecommunication sectors proved resilient with deal count increasing across both. Overall opportunity still exists with infrastructure assets potentially offering better protection against inflation than other assets.

In real estate, the increasing cost of debt financing is impacting all sectors of the asset class, with many Real Estate Investment Trusts trading at wide discounts to NAV in anticipation of lower valuations. The speed of the cost of debt shifts have also disrupted transactional activity for commercial property, particularly in the UK. Indices of residential valuations are falling in the US, Sweden, and Australia amongst other countries, as previously red-hot housing markets cooled rapidly in response to sharp increases in mortgage costs. Given the recession starting in Q4 this year and stretching into 2023, capital values are likely to decline. It is vital to focus on quality as long-term sector fundamentals are unchanged.

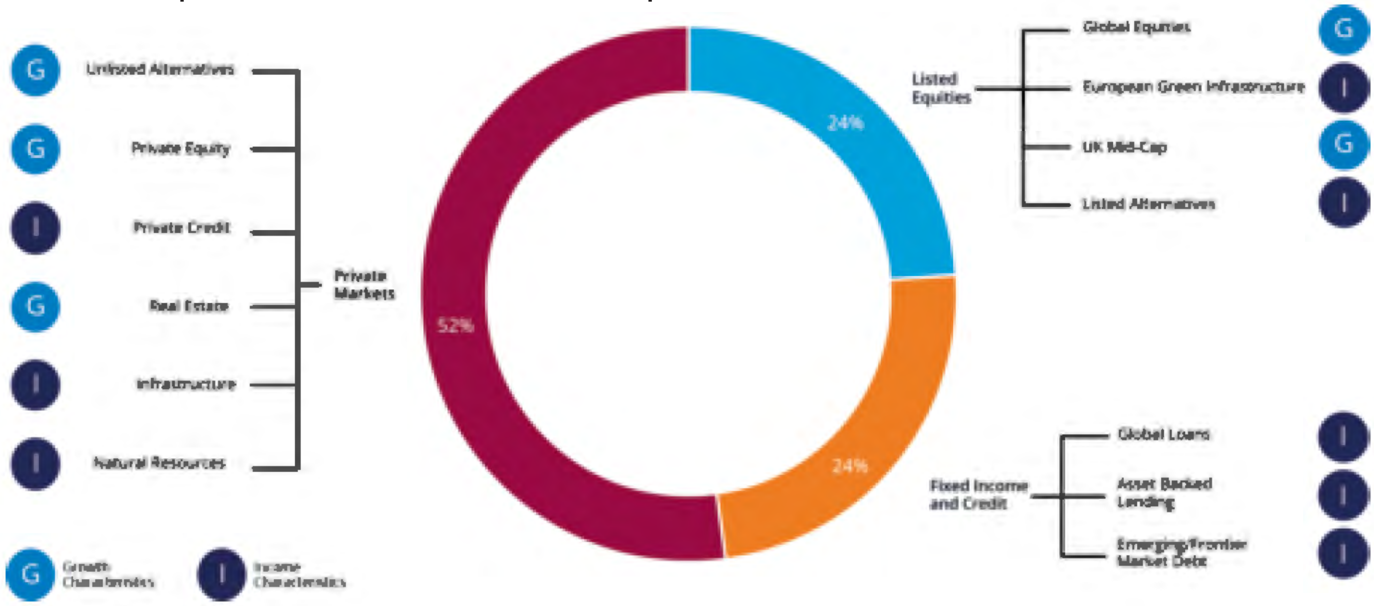
A diversified, simplified strategy and a stable portfolio

Against this difficult backdrop, the Company has managed to preserve capital and pay out income, with a NAV total return (including income, with debt measured at fair value) of 1.2%. While this is below the stated return target of 6% annualised on a five year rolling basis, it demonstrates the portfolio's robustness and diversification in a highly testing environment.

Through building a well-diversified portfolio of investments, including a substantial exposure to infrastructure and real assets, the Company has responded well to the inflationary pressures that have dominated the markets during the last year. The Company has been able to take a long-term view regarding how economies will evolve, supported by the breadth of research and investment capabilities across the abrdn franchise. The goal of delivering a suite of diversified returns is achievable due to the latitude of the mandate, and it has been pleasing to see the defensive core of the portfolio play its role.

The task from here is to maintain the resilience of the portfolio to the challenges posed by the current environment. The investment strategy seeks to achieve diversification across asset classes within a simplified framework under three main headings: Private Markets, Fixed Income & Credit, and Listed Equities. Exposure to the broad expertise of abrdn across these asset classes, including approximately 350 Private Markets-focused investment professionals, allows the Company to allocate to best in class opportunities, both internally and externally.

Investment portfolio breakdown as at 30 September 2022



Private markets

During the year, the Company's Private Markets exposure increased from 44% to 55%, as commitments to previously made investments were drawn by managers. The largest draw down was into Bonaccord Capital Partners I (BCP I), which buys stakes in private markets asset managers and pays out income from said managers' fee-related earnings. BCP I called 75% of the capital the Company had committed, and has a current weight of 4.1% in the portfolio vs 0.1% at the start of the year. A significant amount of capital was also called by the abrdn Andean Social Infrastructure Fund I (ASIF I) to fund the building of a new port in Colombia and two hospitals in Mexico, the latter leased to the Mexican government. This moved the ASIF I exposure up 1.9% to 3.4% of total investments over the year.

The Private Markets basket was the largest driver of positive returns, contributing +4.8% over the year. Most sub-asset classes were positive, but returns were driven mostly by Infrastructure. The core infrastructure positions in the Company's portfolio have in place long term revenue contracts with inflation linkage built in, so the current inflationary environment has been positive for their cashflows and valuations, allowing the Company to deliver steady performance through a time of inflationary and volatile markets.

The largest single driver of performance was in the Aberdeen Global Infrastructure Partners Fund II, where the value of the I-77 toll road asset in the US was up 40%. The asset uses dynamic pricing, and was able to charge a significantly higher price for use of the road than anticipated in the base case. Overall, AGIP II contributed 1.4% to the Company's NAV performance. There was also positive performance from the SL Capital Infrastructure II fund, which contributed 0.8% as Central European Renewable Investments, which is the largest portfolio of solar energy assets in Poland, increased in value in response to power prices, while the other assets including a fleet of trains in the UK, also grew in value due to their revenues' contracted linkage to inflation. Finally, within infrastructure, the BlackRock Renewable Income UK fund also grew in value, as the market price for energy in the UK increased.

While the current level of inflation was not our base case coming into the year, the Company is diversified with multiple drivers of returns, of which inflation linkage has been the largest driver this year. The Private Markets portfolio has a unique set of long-term drivers which may not be easily accessed elsewhere, and forms part of the reason why we believe the Company is well placed to generate long term attractive returns for shareholders.

In the future, we expect to maintain the proportion of the Company's portfolio in Private Market investments at around current levels as these specialist managers identify attractive opportunities which can be funded from the maturation of existing Private Market investments. We anticipate that there will be £5 million of additional net investments into the current Private Market investments over the next 12 months with future investments slightly outweighing capital returned.

Case studies

Aberdeen Global Infrastructure Partners II

AGIP II invests in public private partnerships in the US and Australia, with a portfolio of assets including Perth Stadium, a group of eight schools in Western Australia, Canberra Light Railway, and a series of express lanes on the I-77 into Charlotte, North Carolina. The Q1 2022 valuation for the I-77 toll road was marked up significantly, driving 1.4% of NAV gain at the Company level. The increase in valuation was due to a significantly higher forecast of revenue over the life of the project. The express lanes are managed travel lanes that run adjacent to the I-77 original general purpose lanes. There are 11 segments, and motorists are able to decide at each one whether they want to join or exit the lanes. The toll road has the ability to change price every 5 minutes to reflect changing demand aimed at maintaining a 48mph minimum speed at all times. The toll rates are varied based on real time traffic conditions throughout the entire corridor, and uses electric gating with ANPR cameras to monitor use and automatically bill customers. Based on driver behaviour over the first years of the asset life, the average price that can be charged per mile is $0.42, versus the previous assumption of $0.31.

SL Capital Infrastructure Fund II

SLCI II invests in core economic infrastructure projects in the UK and Europe. The portfolio contains district heating assets in Finland, a fleet of trains leased for use in the UK, a network of liquid bulk storage facilities in Germany, a growing broadband cable network in the UK, and the largest portfolio of operational solar farms in Poland. Over the last 12 months, SLCI II has contributed 0.8% to Company performance.

The largest driver of performance in this fund was the portfolio of solar farms in Poland, known as Central European Renewable Investment (CERI). The portfolio is spread throughout Poland, with a concentration in the west, and north-east of the country. Performance was driven by strong production in H1 2022, namely favourable weather conditions in March, with high levels of irradiation combined with low temperatures. Weather conditions were also supportive in May and June. The Russian invasion of Ukraine had a significant impact on energy markets, and while revenues are underpinned by Poland's contract for difference regime, CERI has been able to capture some of the upside associated with the elevated power price environment. The contract for difference regime should shield the portfolio from any adverse effects should there be a sudden reversal in power prices trends.

Fixed income & credit

Fixed Income & Credit weight was reduced over the year to fund the Private Market investments, with the allocation towards Junior ABS reduced and switched partly into Mezzanine ABS to reduce the impact of a potential recession, and a trim to Emerging Market bonds as our internal research group moved the outlook from overweight to neutral.

Fixed Income & Credit contributed -1.4% to performance. All sub-asset classes had negative contributions, with the exception of the Global Loans portfolio which was flat. The largest detractor was TwentyFour Asset Backed Opportunities. TwentyFour, which invests in UK and European residential mortgage backed securities and collateralised loan obligations, saw growth in its dividend pay-out due to the floating rate nature of its investments, however, concerns around future defaults caused by high interest costs meant that its share price declined. Other negatives in the portfolio were the Russian bonds within the Emerging Market bonds portfolio. While we had been reducing weight to this exposure at the start of 2022 due to increased military activity on the border with Ukraine, we did not have invasion as a base case, and so were left with a small position which was written down to zero value due to the sanctions applied to Russia. We were able to exit this position at the end of the year at a value above zero, clawing back some performance.

Listed equities
The proportion of the portfolio in Listed Equities (including the Listed Alternatives portfolio reported on separately in the previous Annual Report) was reduced from 45% to 38% over the year as we sold holdings to fund certain Private Markets investments. The principal funding source was the UK Mid-Cap Equity Fund, which was reduced over the year, but then fully exited in early September due to the headwinds facing the UK economy. This proved prescient, as the poorly received "mini-budget" announced by the then new Chancellor Kwasi Kwarteng at the end of September caused market turmoil which outweighed its intended growth agenda. We also reduced exposure to the global sustainable core equity sub-fund due to the pessimistic near-term economic outlook.

Listed Equities contributed -2.0% to performance. At a sub-asset class level, most sectors delivered negative performance over the last 12 months, with the exception of the listed infrastructure basket, which contributed 0.7%. The top performing names in this basket were the wind and solar energy production names as wholesale market prices increased, boosting revenue streams. There were some headwinds at the end of the year as gilts rose, reducing their valuations, but the basket ended the year in positive territory which was pleasing.

ESG factors as part of risk management
ESG considerations form a key part of our investment analysis and decision making when making new investments. In Private Markets we consider the following ESG factors: environment, social capital, human capital, business models and leadership & governance. These factors are considered throughout the investment process from the point of idea generation, through to portfolio construction, implementation, monitoring and risk management. Key issues are identified and scored over time through the use of our systematic ESG analysis framework (based on the Sustainable Accounting Standards Board Framework) which identifies key materiality issues by sector. Investments are then scored across operational and governance dimensions which encompass elements including climate change, labour management, corporate behaviour and corporate governance, and these scores then inform investment decision-making.

Expected revenue return per share versus dividends per share
As we have moved through the portfolio transition, we have made use of the Company's revenue reserves to cover the planned slight shortfall in income received versus dividends paid out this year. Revenue reserves are a feature of investment companies which allow them to withhold a proportion of annual income which can be drawn upon in the future, as required.

Outlook
The global economy continues to face many headwinds, which is likely to lead to a deeper and earlier global recession than previously forecast. The UK and EU economies are facing a commodity price induced real income squeeze, amplified by central bank actions. We expect interest rate hikes from the US Federal Reserve, the European Central Bank and the Bank of England, as they seek to control inflation. To a degree, markets have already responded to this uncertainty: equity valuations are cheaper and credit spreads wider than they were at the start of the year – as such, many asset classes look more attractive now on a 5-year view. However, the compounding effects of these various shocks will mean that the investment environment will remain volatile and we may see further weakness across asset classes in the shorter-term. In this respect, the Company should benefit from the diversified public private nature of its investment policy.

Firstly, this provides a wide universe in which to invest, meaning we are able to access niche areas where there is idiosyncratic growth. Secondly, this allows the Company to access Private Markets investments that have the potential to deliver returns in excess of those available from public markets. Finally, there is the income generation capability that we expect to be available from holdings in Fixed Income & Credit, where good quality assets are available at prices which imply a high dividend pay-out.

While fundraising has reduced in the second half of the year, there already exists a high level of cash available to be invested in Private Markets (also known as 'dry powder'). While we expect a lower level of private equity transactions, there will still be competition for quality assets. However, the specialist managers working on behalf of the Company have a history of targeting selected direct and indirect opportunities to capture the growth potential, and have demonstrated positive performance over the volatile period of the last 12 months. Further market dislocation could also provide good entry points for the managers in the Company's portfolio who have money to invest still, boosting returns over the longer term.

Investor appetite for infrastructure remains stable, especially for social and economic infrastructure where there is potential for long-term, inflation-linked contracts providing yield and inflation protection. In addition, as the world goes through the energy transition, demand for climate and renewable infrastructure is ever increasing, remaining supportive of investment opportunities in this space.

In Private Credit, we believe that there will be opportunities for private financing as companies face a slightly tighter lending environment. However, the quality of deals remains crucial, as company earnings are reduced, the ability to cover interest payments is tested, and default levels increase.

Within real estate, residential markets are expected to come under strain with mortgage burdens weighing on consumers. However, a reduction in mortgage affordability will mean that many people will remain in rented accommodation, to the benefit of the Build To Rent sector to which the Aberdeen European Residential Opportunities Fund is looking to sell its assets into. The focus on any further investments in this sector remains on assets with the highest conviction and long-term securely contracted income.

The Company has a good degree of protection for the current inflationary environment as evidenced by the pockets of positive performance over the last 12 months. The Company has a reasonably high weighting to infrastructure and real estate assets, both within its Private Markets and Public exposures. Were we to see inflation continue to be persistent, we would expect these assets to keep contributing positively. In addition, the portfolio is exposed to floating rate credit instruments across Private Markets, Fixed Income & Credit with a focus on quality, which should benefit in a rising interest rate environment. That being said, we continue to monitor market conditions closely, and are prepared to rotate the portfolio as appropriate to the changing situation.

Finally, the specialist investments in vehicles such as Healthcare Royalty Partners IV and Burford Opportunity Fund (litigation finance) have demonstrated their low correlation with the business cycle and economic climate, and we expect these holdings to continue to provide steady returns with upside potential in the future. Ultimately, we feel that the Company is well protected in the current environment, and ready to take advantage of growth opportunities when the outlook improves.

Nalaka De Silva, Head of Private Markets Solutions
Heather McKay, Head of Global Active Allocation
Simon Fox, Investment Director
Nic Baddeley, Investment Manager

abrdn Investments Limited
Investment Manager
20 December 2022

Portfolio

The portfolio consists of a wide range of assets managed by specialist teams within abrdn and also selected third party managers. Some of these investments are longer term in nature and are not otherwise readily available to private investors.

Ten Largest Investments

As at 30 September 2022

	At 30 September 2022 % of Total investments	At 30 September 2021 % of Total investments
TwentyFour Asset Backed Opportunities Fund	**6.8**	6.8
Investments in mortgages, SME loans originated in Europe		
SL Capital Infrastructure II[AB]	**5.2**	3.8
European economic infrastructure		
Aberdeen Standard Global Private Markets Fund[A]	**5.1**	4.4
Multi-strategy private markets exposure		
Aberdeen Global Infrastructure Partners II (USD)[AB]	**4.8**	2.5
Invests in social infrastructure projects, in Australia, the USA and New Zealand		
Burford Opportunity Fund[B]	**4.7**	3.3
Diverse portfolio of litigation finance investments initiated by Burford Capital		
Bonaccord Capital Partners I-A[B]	**4.1**	1.6
Targets investment in alternative asset management companies.		
Healthcare Royalty Partners IV[B]	**3.6**	2.8
Invests in healthcare royalty streams primarily in the US		
Neuberger Berman CLO Income Fund	**3.6**	4.0
Floating-rate exposure to securitised non-investment grade corporate bonds		
Andean Social Infrastructure Fund I[AB]	**3.4**	1.5
Infrastructure project investments in the Andean region of South America		
TrueNoord Co-Investment[B]	**2.7**	2.0
Aircraft leasing company which specialises in regional aircraft		

[A] Denotes abrdn plc managed products
[B] Unlisted holdings

Private Markets Investments

As at 30 September 2022

Company	Valuation 2022 £'000	Total investments 2022 %	Valuation 2021 £'000
Private Equity			
Bonaccord Capital Partners I-A[B]	15,255	4.1	6,274
TrueNoord Co-Investment[B]	9,976	2.7	8,011
Aberdeen Standard Secondary Opportunities Fund IV[AB]	9,385	2.4	5,478
ASI Hark III[AB]	4,088	1.1	–
Maj Invest Equity 5[B]	2,492	0.7	1,785
HarbourVest International Private Equity VI[B]	2,100	0.6	3,020
Maj Invest Equity 4[B]	1,335	0.3	2,806
Mesirow Financial Private Equity IV[B]	882	0.2	1,272
HarbourVest VIII Buyout Fund[B]	260	0.1	353
Mesirow Financial Private Equity III[B]	228	0.1	214
Top ten holdings	**46,001**	**12.3**	
Other holdings	254	0.1	
Total Private Equity	**46,255**	**12.4**	
Real Estate			
Aberdeen Property Secondaries Partners II[AB]	9,851	2.6	12,568
Aberdeen European Residential Opportunities Fund[AB]	9,769	2.6	11,869
Cheyne Social Property Impact Fund[B]	4,813	1.3	5,196
Total Real Estate	**24,433**	**6.5**	
Infrastructure			
SL Capital Infrastructure II[AB]	19,581	5.2	14,745
Aberdeen Global Infrastructure Partners II (USD)[AB]	17,755	4.8	9,705
Andean Social Infrastructure Fund I[AB]	12,691	3.4	5,886
BlackRock Renewable Income – UK[B]	8,523	2.3	8,055
Aberdeen Global Infrastructure Partners II (AUD)[AB]	6,840	1.8	5,949
Pan European Infrastructure Fund[B]	1,697	0.5	4,352
Total Infrastructure	**67,087**	**18.0**	

Private Markets Investments
Continued

As at 30 September 2022

Company	Valuation 2022 £'000	Total investments 2022 %	Valuation 2021 £'000
Natural Resources			
Agriculture Capital Management Fund II[B]	4,258	1.1	3,575
Total Natural Resources	4,258	1.1	
Private Credit			
PIMCO Private Income Fund Offshore Feeder I LP[B]	8,796	2.4	7,416
Mount Row Credit Fund II[B]	7,494	2.0	9,850
Total Private Credit	**16,290**	**4.4**	
Other			
Aberdeen Standard Global Private Markets Fund[AB]	19,122	5.1	17,251
Burford Opportunity Fund[B]	17,520	4.7	12,794
Healthcare Royalty Partners IV[B]	13,522	3.6	10,779
Markel CATCo Reinsurance Fund Ltd – LDAF 2018 SPI[B]	298	0.1	1,058
Markel CATCo Reinsurance Fund Ltd – LDAF 2019 SPI[B]	281	0.1	1,305
Total Other	**50,743**	**13.6**	
Total Private Markets	**209,066**	**56.0**	

[A] Denotes abrdn plc managed products
[B] Unlisted holdings

Fixed Income & Credit Investments

As at 30 September 2022

Company	Valuation 2022 £'000	Total investments 2022 %	Valuation 2021 £'000
Structured Credit			
TwentyFour Asset Backed Opportunities Fund	25,509	6.8	26,708
Neuberger Berman CLO Income Fund	13,315	3.6	15,499
Blackstone/GSO Loan Financing	3,468	0.9	6,878
Fair Oaks Income Fund	1,089	0.3	1,971
Total Structured Credit	**43,381**	**11.6**	
Syndicated Loans			
Aberdeen Standard Alpha – Global Loans Fund[A]	2,347	0.6	5,042
Total Syndicated Loans	**2,347**	**0.6**	
Country			
Mexico Bonos Desarr Fix Rt 10% 05/12/24	1,775	0.5	1,895
Secretaria Tesouro 10% 01/01/31	1,755	0.4	485
Mexico (Utd Mex St) 6.75% 09/03/23 M Mxn	1,421	0.4	–
Indonesia (Rep of) 8.375% 15/03/34	1,346	0.4	1,265
Brazil (Fed Rep of) 10% 01/01/25	1,313	0.3	1,107
Indonesia (Rep of) 8.125% 15/05/24	1,309	0.3	1,224
Indonesia (Rep Of) 8.375% 15/03/24 Fr70 Idr	1,219	0.3	–
South Africa (Rep of) 8.75% 31/01/44	1,034	0.3	1,040
South Africa (Rep of) 8% 31/01/30	995	0.3	1,067
Malaysia (Govt of) 3.828% 05/07/34	988	0.3	888
Top ten holdings	**13,155**	**3.5**	
Other holdings	18,992	5.1	
Total Emerging Market Debt	**32,147**	**8.6**	
Total Fixed Income & Credit	**77,875**	**20.8**	

[A] Denotes abrdn plc managed products

Listed Equities

As at 30 September 2022

Company	Valuation 2022 £'000	Valuation 2022 %	Valuation 2021 £'000
ESG Enhanced Equity Sub-Fund			
Apple	1,329	0.4	1,248
Microsoft	941	0.3	1,031
Alphabet	543	0.1	555
Amazon.com	524	0.1	638
Tesla	390	0.1	303
Top five holdings	**3,727**	**1.0**	
Other holdings	23,285	6.2	
Total ESG Enhanced Equity Sub-Fund	**27,012**	**7.2**	
Total European Green Infrastructure Sub-Fund	**419**	**0.1**	
Infrastructure Sub-Fund			
HICL Infrastructure	3,627	1.0	3,876
3I Infrastructure	2,532	0.7	4,771
Cordiant Digital Infrastructure	2,336	0.6	935
International Public Partnerships	2,194	0.6	1,009
Sequoia Economic Infrastructure Income	1,570	0.4	1,900
Top five holdings	**12,259**	**3.3**	
Other holdings	891	0.2	
Total Infrastructure Sub-Fund	**13,150**	**3.5**	
Real Estate Sub-Fund			
Assura	2,271	0.6	1,860
PRS REIT	1,673	0.4	1,851
Home REIT	1,449	0.4	1,263
Residential Secure Income	1,060	0.3	1,984
Supermarket Income REIT	804	0.2	1,965
Top five holdings	**7,257**	**1.9**	
Other holdings	1,739	0.5	
Total Real Estate Sub-Fund	**8,996**	**2.4**	

As at 30 September 2022

Company	Valuation 2022 £'000	Valuation 2022 %	Valuation 2021 £'000
Alternative Income Sub-Fund			
BioPharma Credit	6,267	1.7	10,071
Round Hill Music Royalty Fund	3,446	0.9	3,644
Pollen Street (formerly Honeycomb Investment Trust)	3,249	0.9	4,769
Tufton Oceanic Assets	2,936	0.8	3,444
GCP Asset Backed Income Fund	2,440	0.6	2,761
Top five holdings	**18,338**	**4.9**	
Other holdings	633	0.2	
Total Alternative Income Sub-Fund	**18,971**	**5.1**	
Renewables Infrastructure Sub-Fund			
Greencoat Renewables	2,700	0.7	2,798
Greencoat UK Wind	2,643	0.7	5,751
Gresham House Storage Fund	1,904	0.5	1,612
Bluefield Solar Income Fund	1,834	0.5	2,597
NextEnergy Solar Fund	1,739	0.5	2,957
Top five holdings	**10,820**	**2.9**	
Other holdings	7,273	2.0	
Total Renewables Infrastructure Sub-Fund	**18,093**	**4.9**	
Reinsurance Sub-Fund			
CATCo Reinsurance Opportunities Fund	150	0.0	953
Total Reinsurance Sub-Fund	**150**	**0.0**	
Total Equities	**86,791**	**23.2**	

Net Assets Summary

As at 30 September 2022

	Valuation 2022 £'000	Net assets 2022 %	Valuation 2021 £'000	Net assets 2021 %
Total investments	**373,732**	**102.9**	**390,446**	**102.2**
Cash and cash equivalents[A]	8,984	2.5	7,315	1.9
Forward contracts	(4,922)	(1.4)	(2,917)	(0.8)
6.25% Bonds 2031	(15,694)	(4.3)	(15,664)	(4.1)
Other net assets	1,258	0.3	2,938	0.8
Net assets	**363,358**	**100.0**	**382,118**	**100.0**

[A] Includes outstanding settlements

Manager's ESG Engagement

The Manager does not judge the suitability of an investment from an ESG perspective on a purely binary basis. Instead, a dynamic approach is taken, investing in companies where the greatest alignment to mitigating the risks can be seen or pursued further through their commitment to improving their ESG profile. The Manager believes in active engagement with its investments and potential investments: from providing initial guidance on suitable metrics through to holding the company to account for delivering on its promises. It is through this filter that the Manager is comfortable investing in, for example, sectors such as mining and oil & gas, subject to the belief that a company is taking the necessary action to address the energy transition. The Manager has high expectations for these companies given that many commodities are necessary for the transition to a low carbon future.

Core beliefs: Assessing Risk, Enhancing Value

There are three core principles which underpin the Investment Manager's integrated ESG approach. Firstly, ESG factors can materially impact financial returns and the long term success of the investment strategy. Secondly, by integrating ESG factors into investment decisions the Investment Manager generates a better understanding of how well companies are managing ESG risks and opportunities and this insight supports better decision making. Finally, active engagement with company management teams is central to enhancing value and a standard part of the Investment Manager's ongoing stewardship programme.

Responsible Investing – Integration of ESG into the Investment Manager's Process

"By embedding ESG factors into the active equity investment process, we aim to reduce risk, enhance potential value for investors and foster companies that can contribute positively to the world." abrdn

Financial Returns	ESG factors can be financially material – the level of consideration they are given in a company will ultimately have an impact on corporate performance, either positively or negatively. Those companies that take their ESG responsibilities seriously tend to outperform those that do not.
Fuller Insight	Systematically assessing a company's ESG risks and opportunities alongside other financial metrics allows the Investment Manager to make better investment decisions.
Corporate Advancement	Informed and constructive engagement helps foster better companies, protecting and enhancing the value of the Company's investments.

"We believe that the market systematically undervalues the importance of ESG factors. We believe that in-depth ESG analysis is part of both fundamental company research and portfolio construction and will lead to better client outcomes." abrdn

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Manager's ESG Engagement

Continued

Researching Companies: Deeper Company Insights for Better Investor Outcomes

The Investment Manager's portfolio managers, sector analysts, ESG equity analysts and central ESG Investment Team collaborate to generate a deep understanding of the ESG risks and opportunities associated with each company. The central ESG team also produces research into specific themes (e.g. labour relations or climate change), sectors (e.g. forestry) and ESG topics to understand and highlight best practice.

Global Networks: Working Together on Climate Change

The Investment Manager is a signatory to the UN Principles for Responsible Investment and actively collaborates on ESG issues with global asset managers and asset owners. Climate change is a particular area of focus because the physical and transition risks related to climate change have the potential to be financially material for many companies. The Investment Manager has been actively involved in initiatives such as Climate Action100+ and Institutional Investors Group on Climate Change ("IIGCC") Net Zero Framework and also supports the Task Force on Climate Related Disclosures ("TCFD") which aims to strengthen climate related reporting globally. Portfolio Management Team

ESG House Score

- Responsibility of ESG analyst
- Based on quantitative data
- Incorporates abrdn's views on materiality and sector specific risks
- Uses wide range of data sources including MSCI, Trucost, voting analysis and abrdn's investment insights
- Aims to be forward looking

ESG Investment Team

- Global insights
- Thematic research
- Co-ordination across asset classes

Equity ESG Quality Score

- Responsibility of portfolio manager and sector analysts
- Based on fundamental bottom up analysis of individual companies by on-desk analysts
- Assesses the ESG quality of companies
- Reflective of equity analyst expertise
- Incorporates engagement with companies on ESG issues

Portfolio Managers & Sector Analysts	All of the Investment Manager's equity portfolio managers and sector analysts seek to engage actively with companies to gain insight into their specific risks and provide a positive ongoing influence on their corporate strategy for governance, environmental and social impact.
ESG Equity Analysts	The Investment Manager has dedicated and highly experienced ESG equity analysts located across the UK, US, Asia and Australia. Working as part of individual investment teams, rather than as a separate department, these specialists are integral to pre-investment due diligence and post-investment ongoing company engagement. They are also responsible for taking thematic research produced by the central ESG Investment Team, interpreting and translating it into actionable insights and engagement programmes for its regional investment strategies.
ESG Investment Team	This central team of more than 20 experienced specialists based in Edinburgh and London provides ESG consultancy and insight for all asset classes. Taking a global approach both identifies regions, industries and sectors that are most vulnerable to ESG risks and identifies those that can take advantage of the opportunities presented. Working with portfolio managers, the team is key to the Investment Manager's active stewardship approach of using shareholder voting and corporate engagement to drive positive change.

Listed Equities

ESG Research Process: Introduction

The Investment Manager employs around 150 equity professionals globally. A systematic and globally-applied approach to evaluating stocks allows the Investment Manager to compare companies consistently on their ESG credentials – both regionally and against their peer group. The Investment Manager uses a combination of external and proprietary in-house quantitative scoring techniques to complement and cross-check analyst-driven ESG assessments. ESG analysis is peer-reviewed within the equities team, and ESG factors impacting both sectors and stocks are discussed as part of the formal sector reviews.

ESG House Score

The ESG House Score is produced by the ESG Equity Analysts. The ESG House Score framework has two main pillars which include detailed operational and governance metrics. The underlying key performance indicators are weighted according to how material they are for each sector and country and populated from proprietary and external data sources such as MSCI and Trucost. The scores are standardised to allow the Investment Manager to see how individual companies rank in a global context. These scores complement the fundamental analysis of the equity analysts and the ranking of companies from Laggards to Best in Class.

Equity ESG Quality Score

The Investment Manager's equity sector analysts have a fully integrated approach to ESG analysis. Within the equity investment process, every company is given a proprietary Quality Rating which has five components: industry analysis, business model analysis, analysis of the company's moat or competitive advantage, consideration of ESG factors, assessment of management and analysis of financials. In considering the ESG Quality Score the analyst considers these key questions:

- Which ESG issues are relevant for this company, how material are they, and how are they being addressed?
- What is the assessment of the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

Having considered the regional universe and peer group in which the company operates, the Investment Manager's equity team then allocates it an ESG Quality rating between one and five (see below). This is applied across every stock that the Investment Manager covers globally. To be considered 'best in class', the management of ESG factors must be a material part of the company's core business strategy; management must provide excellent disclosure of data on key risk; management must also have clear policies and strong governance structures, among other criteria.

Working with Companies: Staying Engaged, Driving Change

The Investment Manager continuously monitors and actively engages with the companies in which it invests to maintain ESG focus and improvement. This stewardship of client's assets consists of four interconnected and equally important activities by the Investment Manager to monitor, contact, engage and act.

The Investment Manager actively and regularly engages with the management teams of companies in which they are invested in order to share examples of best practice seen in other companies and to effect positive change. The Investment Manager also actively engages with management teams to explain voting decisions at company annual general meetings.

The Investment Manager's engagement extends beyond the company's management team and can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients.

Priorities for engagement are established by the use of the ESG House Score, in combination with bottom-up research insights from investment teams across asset classes, and areas of thematic focus from our company-level stewardship activities. What gets measured gets managed, so the Investment Manager strongly encourages companies to set clear targets or key performance indicators on all material ESG risks.

Manager's ESG Engagement

Continued

There are three core principles which underpin the Investment Manager's investment approach (shown below) and the time it dedicates to ESG analysis as part of its overall fundamental equity research process:

ESG factors are financially material, and impact corporate performance

Understanding ESG risks and opportunities alongside other financial metrics allows us to make better investment decisions

Informed and constructive engagement helps foster better companies, enhancing the value of our clients' investments

As part of their company research, our stock analysts evaluate the ownership structures, governance and management quality of the companies they cover. They also assess potential environmental and social risks that the companies may face. These insights are captured in our company research notes.

Our stock analysts work closely with dedicated ESG specialists who sit within each regional investment team and provide industry-leading expertise and insight at the company level. These specialists also mediate the insights developed by our central ESG investment team to the stock analysts, as well as interpret and contextualise sector and company insights.

Our central ESG investment team provides thought leadership, thematic and global sector insights, as well as event-driven research. The team is also heavily involved in the stewardship of our investments and supports company engagement meetings where appropriate.

How the Investment Manager embeds ESG into its Investment Process

01. Investment Insight

High quality fundamental and first hand research

Assessment of ESG for all stocks under coverage

02. Active Ownership

Engage and vote with aim of improving financial resilience and investment performance

Raise standards in companies and industries we invest in, and help drive industry best practice

03. Risk & Monitoring

Combine in-house and external scoring to inform view

Active tracking of portfolio holdings against ESG objectives

04. Our People

Over 130 equity professionals, and 40+ central and on-desk ESG specialists across the world

Governance

The Company is registered as a public limited company and has been approved by HM Revenue & Customs as an investment trust. The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance

The Directors of the Company, who were in office during the year ended 30 September 2022, and as the date of approval of this Annual Report, may be found on pages 44 and 45.

Board of Directors

Davina Walter

Chairman

Experience:

Appointed a Director on 1 February 2019, Senior Independent Director on 27 February 2019 and Chairman on 26 February 2020, Davina Walter is an experienced investment professional who has been actively involved with investment trusts since 1985 when she joined Henderson (now Janus Henderson) as a fund manager. Having started her career at Cazenove & Co, ending up as Head of US equity research, she then spent over 16 years as an investment manager, most recently, as a Managing Director at Deutsche Asset Management. She is Chairman of CT Property Trust Ltd and a non-executive director of Miton UK MicroCap Trust plc.

Length of service:

3 years

Last re-elected to the Board:

2022

Committee membership:

Management Engagement Committee (Chairman) and Nomination Committee (Chairman)

Contribution:

The Nomination Committee, chaired by the Senior Independent Director, has reviewed the contribution of Davina Walter in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to chair the Company expertly, fostering a collaborative spirit between the Board and Manager while ensuring that meetings remain focussed on the key areas of stakeholder relevance.

Tom Challenor

Senior Independent Non-Executive Director and Chairman of the Audit Committee

Experience:

Appointed a Director on 6 April 2017 and Chairman of the Audit Committee on 31 October 2018, Tom Challenor is a non-executive director and Chair of the Audit Committee of Vanguard Group (Ireland) Limited and its fund companies, and is also a non-executive director of Threadneedle India Fund Limited. Until March 2022, Tom was Senior Independent Director of Euroclear UK & International Limited. Tom is also a former non-executive director of Aberdeen UK Tracker Trust plc, Cofunds Limited, Xtrakter Limited and Threadneedle Lux (SICAV). At Threadneedle Asset Management he was Director of Strategy and Risk from 2005 to 2009 and Chief Financial Officer from 1997 to 2005.

Length of service:

5 years

Last re-elected to the Board:

2022

Committee membership:

Audit Committee (Chairman), Management Engagement Committee and Nomination Committee

Contribution:

The Nomination Committee has reviewed the contribution of Tom Challenor in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to occupy the role of Senior Independent Director to chair the Audit Committee expertly, as well as bringing to the Board his experience of internal controls and risk management in an investment setting.

Trevor Bradley

Independent Non-Executive Director

Experience:

Appointed a Director on 1 August 2019, Trevor Bradley was a partner and member of the Management Board at Ruffer LLP. He was responsible for growing and leading the firm's institutional investment business and managed over £1 billion of multi-asset portfolios for pension funds, charities and other institutions. Prior to Ruffer, he was a management consultant at McKinsey & Company and a UK equity portfolio manager at Mercury Asset Management. He is a Trustee Director of BBC Children in Need and Chair of its Investment Committee.

Length of service:

3 years

Last re-elected to the Board:

2022

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:

The Nomination Committee has reviewed the contribution of Trevor Bradley in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to bring to the Board his knowledge of investment management as well as experience in investment companies.

Alistair Mackintosh

Independent Non-Executive Director

Experience:

Appointed a Director on 1 May 2021, Alistair was a partner with Actis LLP, a leading investor in growth markets across Africa, Asia and Latin America from its inception in 2004 until 2018. He served as Chief Investment Officer for twelve years, and chaired the Investment Committees of Actis' Private Equity, Infrastructure, Energy and Real Estate funds. Previously, Alistair spent fifteen years with PPM Capital Ltd (now Silverfleet Capital), the mid-market private equity business of Prudential plc.

Length of service:

21 months

Elected to the Board:

2022

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution

The Nomination Committee has reviewed the contribution of Alistair Mackintosh in light of his proposed re-election at the forthcoming AGM and has concluded that he brings to the Board considerable expertise in Private Markets.

Anna Troup

Independent Non-Executive Director

Experience:

Appointed a Director on 1 August 2019, Anna Troup qualified as a solicitor with Slaughter and May. She has been employed in the financial services industry since 1997, having spent over 10 years at Goldman Sachs and more than 12 years as an investment management professional, most recently as head of UK Bespoke Solutions at Legal & General Investment Management. She is non-executive chairman of MS Amlin Investment Management Limited and a non-executive director of Marathon Asset Management Limited and the Pension Protection Fund.

Length of service:

3 years

Last re-elected to the Board:

2022

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:

The Nomination Committee has reviewed the contribution of Anna Troup in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to bring to the Board her expertise in investment management and the wider financial services sector.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 September 2022.

Results and Dividends

The financial statements for the year ended 30 September 2022 may be found on pages 74 to 106. The Company's revenue return was 4.99p per share for the year ended 30 September 2022 (2021 - 5.14p).

First, second and third interim dividends, each of 1.40p per Ordinary share, were paid on 31 March 2022, 14 July 2022 and 20 October 2022, respectively.

The Directors declared, on 15 December 2022, a fourth interim dividend of 1.40p per Ordinary share payable on 19 January 2023 to shareholders on the register on 23 December 2022. The ex-dividend date is 22 December 2022. The Company intends to pay four interim dividends each year and, in line with corporate governance best practice, a resolution in respect of this dividend policy will be put to shareholders at each Annual General Meeting.

Investment Trust Status

The Company is registered as a public limited company in Scotland under number SC003721 and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has been approved by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 September 2022 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

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

Capital Structure and Voting rights

The issued Ordinary share capital at 30 September 2022 consisted of 308,447,314 Ordinary shares (2021 - 309,318,738) with voting rights and 29,304,492 Ordinary shares (2021 - 28,433,068) held in treasury. A total of 871,424 Ordinary shares were bought back into treasury during the year ended 30 September 2022 (2021 – 8,011,500). A total of 297,076 Ordinary shares were bought back into treasury between 1 October 2022 and the date of approval of this Annual Report resulting in 308,150,238 Ordinary shares in issue, with voting rights, and 29,601,568 Ordinary shares in treasury.

In the event of the share price trading at a premium to the NAV per share, Ordinary shares can be re-issued out of treasury less expensively than new Ordinary shares can be issued. Although shares may be held in treasury indefinitely the Board is mindful of the total number of shares held and has, therefore, decided to adopt a policy such that, in the event that the number of treasury shares represents more than 10% of the Company's issued share capital (excluding treasury shares) at the end of any financial year, the Company will cancel a proportion of its treasury shares such that the remaining balance will equal 7.5% of the issued share capital (excluding treasury shares). The Company's policy is to cancel treasury shares, on 30 September each year, to ensure that the number of shares in treasury represents no more than 10% of the Company's issued share capital (excluding treasury shares). As the treasury shares represented 9.5% of the issued share capital (excluding treasury shares) as at 30 September 2022, no additional treasury shares were cancelled.

Each Ordinary share (excluding treasury shares) holds one voting right and shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding treasury shares, carry a right to receive dividends. On a winding up or other return of capital, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law.

Management Agreement

The Company has appointed the Manager, a wholly-owned subsidiary of abrdn plc, as its alternative investment fund manager.

The Manager has been appointed to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by the Investment Manager by way of a group delegation agreement in place between the Manager and Investment Manager. In addition, the Manager has sub-delegated administrative and secretarial services to abrdn Holdings Limited and promotional activities to abrdn Investments Limited.

The Manager charges a monthly fee at the rate of one-twelfth of 0.50% on the first £300 million of NAV and 0.45% of NAV in excess of £300 million. In calculating the NAV, the 6.25% bonds due 2031 are valued at fair value. The value of any investments in ETFs, unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager, or another company within the abrdn plc group is the operator, manager or investment adviser, is deducted from net assets. Details of the management fee charged during the year are included in note 4 to the financial statements.

The management agreement has in place a six months' notice period. 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.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, may be found on page 54.

Directors

As at the date of this Report, the Board consisted of a non-executive Chairman and four non-executive Directors, all of whom served throughout the year ended 30 September 2022. Tom Challenor was Senior Independent Director and Chairman of the Audit Committee.

Board Diversity

The Board recognises the importance of having a range of skilled, 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, and will give due regard to, 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 Directors. The Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. The Board will take account of the targets set out in the FCA's Listing Rules, which are set out below.

The Board voluntarily discloses the following information in relation to its diversity.

The FCA has identified senior board positions as comprising the chair, senior independent director ("SID"), a chief executive officer ("CEO") and a chief financial officer ("CFO"). As an externally managed investment company, the Board employs no executive staff and therefore appoints neither a CEO nor a CFO. Instead, the Board considers the Chair of the Audit Committee to be a senior board position and the following disclosure is made on this basis. Although Tom Challenor is appointed as both SID and Chairman of the Audit Committee, these positions are recognised separately resulting in three senior board positions for the Company; Chairman, SID and Chairman of the Audit Committee.

The Board has resolved that the Company's year end date be the most appropriate reference date for disclosure purposes. There have been no changes between 30 September 2022 and the date of approval of this report. The following information has been provided by each Director.

Board diversity as at 30 September 2022

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
Men	3	60%	2
Women	2	40%	1

	Number of Board members	Percentage of the Board	Number of senior positions on the Board
White British or other White (including minority-white groups)	5	100.0%	3
Minority ethnic	0	0%	0

The Role of the Chairman and Senior Independent Director

The Chairman 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 Chairman facilitates the effective contribution, and encourages active engagement, by each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman leads the evaluation of the Board and individual Directors, and acts upon the results of the evaluation process by recognising strengths and addressing any weaknesses. The Chairman also engages with major shareholders and ensures that all Directors understand shareholder views.

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

Board Committees

The Board has appointed a number of Committees, as set out below. Copies of their terms of reference, which 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 59 to 62.

Management Engagement Committee

The Management Engagement Committee consists of all the Directors and was chaired by Davina Walter throughout the year. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Committee also keeps under review the resources of abrdn plc, together with its commitment to the Company and its investment trust business. In addition, the Committee conducts an annual review of the performance, terms and conditions of the Company's key third party suppliers, by undertaking peer comparisons and reviewing reports from the Manager and the Depositary.

The Board conducts a formal annual evaluation of the performance of, and contractual relationship with, the Manager and those third parties appointed by the Manager. The evaluation includes consideration of the investment strategy and process of the Manager, noting performance against the benchmark over the long term and the quality of the support that the Company receives from the Manager. The Board confirms that it is satisfied that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders as a whole.

Nomination Committee

The Nomination Committee consists of all the Directors and was chaired by Davina Walter throughout the year. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, appraisals, training and the remuneration policy. As stated in the Directors' Remuneration Report on pages 55 to 58, the Nomination Committee determines the level of Directors' fees and there is no separate remuneration committee.

The Directors attended scheduled meetings of the Board and Board Committees during the year ended 30 September 2022 as set out in the table (with their eligibility to attend the relevant meetings in brackets). The Directors meet more regularly when business needs require. In addition, there were ad hoc Committee meetings when not all Directors were required to attend.

Director	Scheduled Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Davina Walter[A]	8 (8)	- (-)	1 (1)	1 (1)
Tom Challenor	8 (8)	2 (2)	1 (1)	1 (1)
Trevor Bradley	8 (8)	2 (2)	1 (1)	1 (1)
Anna Troup	7 (8)	2 (2)	1 (1)	1 (1)
Alistair Mackintosh	2 (2)	2 (2)	1 (1)	1 (1)

[A] Davina Walter, as Chairman of the Board, is not a member of the Audit Committee

The names and biographies of each of the current Directors are shown on pages 44 and 45 and indicate their range of skills and experience as well as their length of service.

An external evaluation was undertaken in August 2022 by Lintstock Ltd, an independent external board evaluation service provider which has no other connection with the Company.

Assisted by Lintstock Ltd, the Board has assessed that it had in place the appropriate balance of skills, experience, length of service and knowledge of the Company while recognising the advantages of diversity. Details of the individual contribution provided by each Director during the year are set out on pages 44 and 45.

Potential new Directors are identified against the requirements of the Company's business and the need to have a balance of skills, experience, independence, diversity and knowledge of the Company within the Board.

Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper governance of the Company.

In line with best practice in corporate governance, all Directors offer themselves for election or re-election at the AGM. Davina Walter, Tom Challenor, Trevor Bradley, Anna Troup and Alistair Mackintosh each retire and, being eligible, each submits themselves for re-election at the AGM. The Board believes that all current Directors remain, and all Directors during the year ended 30 September 2022 were, and continue to be, 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. In addition, the Board confirms that each Director demonstrates commitment to the role and their performance remains effective which supports their individual contribution to the role.

The Board therefore recommends, for approval by shareholders, the resolutions for the individual re-election as Directors at the AGM of each of Davina Walter, Tom Challenor, Trevor Bradley, Anna Troup and Alistair Mackintosh.

Directors' and Officers' Liability Insurance

The Company's Articles of Association indemnify each of the Directors 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. In addition, the Directors have been granted qualifying indemnity provisions by the Company which are currently in force. Directors' and Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Directors' Report

Continued

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has an actual or potential 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 prevent or manage 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 their 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 Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. The Manager also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

Going Concern

The Financial Statements of the Company have been prepared on a going concern basis. This conclusion is consistent with the Company's longer term Viability Statement on page 18.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 14 to 16 and have reviewed forecasts detailing revenue and liabilities. The Directors are satisfied that: the Company is able to meet all of its liabilities from its assets, including its ongoing charges, so possesses sufficient resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans.

While the Company is obliged to hold a continuation vote at the 2023 AGM, as ordinary resolution 12, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is usually more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation.

Substantial Interests

As at 30 September 2022, the following interests over 3% in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the FCA's Disclosure Guidance and Transparency Rules:

Shareholder	Number of shares held	% held [B]
abrdn Retail Plans [A]	32,329,679	10.5
Interactive Investor [A]	31,700,652	10.3
Hargreaves Lansdown [A]	26,089,010	8.5
Investec Wealth & Investment	14,596,226	4.7
Evelyn Partners	12,397,770	4.0
1607	10,930,570	3.5
Charles Stanley	9,237,153	3.0

[A] Non-beneficial interest
[B] Based on 308,447,314 Ordinary shares in issue (excluding treasury shares) as at 30 September 2022

Relations with Shareholders

The Directors place great importance on communication with shareholders and regularly meet with current and prospective shareholders to discuss performance, including in the absence of the Manager. The Board receives quarterly investor relations updates from the Manager. Significant changes to the shareholder register, as well as shareholder feedback, are discussed by the Directors at each Board meeting.

Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets and daily net asset value announcements, all of which are available through the Company's website at: **aberdeendiversified.co.uk.** The Annual Report is also widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up-to-date information on the Company through its website or via abrdn Investment Trusts Customer Services Department (see page 125 for details).

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or abrdn) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary 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 Chairman responds, as appropriate, on behalf of the Board.

In addition, in relation to institutional shareholders, members of the Board may either accompany the Manager or conduct meetings in the absence of the Manager.

The Company's Annual General Meeting ordinarily provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager. The Notice of AGM included within the Annual Report is normally sent out at least 20 working days in advance of the meeting.

Criminal Finances Act 2017

The Criminal Finances Act 2017 introduced a corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of its business in an honest and ethical manner. The Board takes a zero tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Accountability and Audit

The responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 63 and pages 70 to 71.

Each Director confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and they have taken all the steps that they could reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting will be held at 12.30 p.m. on 28 February 2023 at the South Place Hotel, 3 South Place, London, EC2M 2AF. The Notice of the Meeting is included on pages 119 to 123. Resolutions including the following business will be proposed:

Continuation of the Company (Resolution 12)

In accordance with Article 175 of the Articles of Association of the Company adopted by shareholders on 23 February 2021, the Directors are required to propose an ordinary resolution at each AGM, that the Company continue as an investment trust. Accordingly, the Directors are proposing, as ordinary resolution 12, that the Company continues as an investment trust and recommend that shareholders support the continuation of the Company.

Allotment of Shares (Resolution 13)

Resolution 13 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 10% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (up to a maximum aggregate nominal amount of £7.7m based on the number of Ordinary shares in issue as at the date of this Report) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the next Annual General Meeting of the Company or, if earlier, 31 March 2024 (unless previously revoked, varied or extended by the Company in general meeting).

The Directors consider that the authority proposed to be granted by resolution 13 is necessary to retain flexibility.

Limited Disapplication of Pre-emption Provisions (Resolution 14)

Resolution 14 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares or to sell Ordinary shares held in treasury (see below) (a) by way of a rights issue (subject to certain exclusions); (b) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions); and (c) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount representing 10% of the Company's issued Ordinary share capital as at the date of the passing of the resolution (up to an aggregate nominal amount of £7.7m based on the number of Ordinary shares in issue as at the date of this Report), without first being required to offer such shares to existing shareholders pro rata to their existing shareholding.

This power will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 March 2024 (unless previously revoked, varied or extended by the Company in general meeting).

Directors' Report

Continued

The Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. Such sales are required to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 14 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash, and treasury shares would only be sold for cash, at a premium to the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

Market Purchase of the Company's own Ordinary Shares (Resolution 15)

Resolution 15 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:

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

Treasury shares may be resold quickly and cost effectively. No dividends will be paid on treasury shares and no voting rights attach to them.

The Manager seeks to generate attractive risk adjusted returns by investing in, or committing to, new or existing opportunities, whilst having particular regard to the Company's return target, and taking into account income, predicted cash flows, market risk and liquidity requirements. It is proposed that where such opportunities are limited due to market conditions, then subject to overall liquidity needs, available cash may be used under the Company's share buyback authority, granted annually by shareholders, to purchase Ordinary shares of the Company, where to do so represents a better opportunity to deliver long-term shareholder value without disrupting the overall portfolio.

Shareholders have the opportunity to endorse this revised policy, which the Board believes is better being investment-led, by voting in favour of Resolution 15 which gives the Company the authority to buy Ordinary shares up to a maximum of 14.99% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (approximately 46 million Ordinary shares). The minimum price which may be paid for an Ordinary share is 25p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares is the higher of a) 5% above the average of the middle market quotations of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 March 2024 (unless previously revoked, varied or extended by the Company in general meeting) and will be exercised only if it would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it is in the best interests of shareholders as a whole.

Holding General Meetings on not less than 14 days' clear notice (Resolution 16)

Under the Companies Act 2006, the notice period for all general meetings of the Company is 21 clear days' notice. Annual general meetings will always be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings. Resolution 16, which is a special resolution, seeks the authority from shareholders for the Company to be able to hold general meetings (other than Annual General Meetings) on not less than 14 clear days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on not less than 14 days' clear notice.

The Board believes that it is in the best interests of Shareholders to have the ability to call meetings on not less than 14 clear days' notice should an urgent matter arise. The Directors do not intend to hold a general meeting on less than 21 clear days' notice unless immediate action is required.

This power will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 March 2024 (unless previously revoked, varied or extended by the Company in general meeting).

Recommendation

The Directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 271,202 Ordinary shares, representing 0.1% of the issued share capital (excluding treasury shares).

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

20 December 2022

Statement of Corporate Governance

Aberdeen Diversified Income and Growth Trust plc (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, and is applicable for the Company's year ended 30 September 2022.

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**.

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 has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except for those provisions relating to:

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

The Board considers that these provisions are not relevant to the position of the Company being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Information on how the Company has applied the AIC Code, the UK Code, the Companies Act 2006 and the FCA's DTR 7.2.6 is provided in the Directors' Report and Audit Committee's Report as follows:

- the composition and operation of the Board and its Committees are detailed on page 48 and 49 and, in respect of the Audit Committee, on page 59;
- the Board's policy on diversity is on page 47;
- the Company's approach to internal control and risk management is detailed on pages 59 and 60;
- the contractual arrangements with, and annual assessment of, the Manager are set out on pages 47 to 49, respectively;
- the Company's capital structure and voting rights are summarised on page 46;
- the substantial interests disclosed in the Company's shares are listed on page 50;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 55. There are no agreements between the Company and its Directors concerning compensation for loss of office; and
- the powers to issue or buy back the Company's ordinary shares, which are sought annually, and any amendments to the Company's Articles of Association require a special resolution (75% majority) to be passed by shareholders and information on these resolutions may be found on pages 51 and 52.

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

20 December 2022

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

i. a Remuneration Policy, which is subject to a binding shareholder vote every three years, or sooner if varied during this interval; most recently approved by shareholders at the AGM on 26 February 2020 where 99.1% of the votes were cast in favour of the relevant resolution while 0.9% were cast against; the Remuneration Policy is due to be put to shareholders, as resolution 2, at the AGM on 28 February 2023;

ii. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and

iii. an Annual Statement.

The 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 opinion is included in the report on pages 64 to 71.

Remuneration Policy

The Directors' Remuneration Policy is determined by the full Board, chaired by Davina Walter, and a separate Remuneration Committee has not been established.

The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. The remuneration should also reflect the nature of the Directors' duties, responsibilities, the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, and have similar capital structures and similar investment objectives.

Fees paid to the directors of companies within the Company's peer group are also taken into account and the Company Secretary provides the Directors with relevant comparative information.

The policy also provides that the Chairman of the Board and of each Committee may be paid a fee which is proportionate to the additional responsibilities involved in that position. In order to avoid conflicts of interest, each Director absents themselves from the consideration of their own fee. There were no changes to the Directors' Remuneration Policy during the year nor are there any proposals for changes in the foreseeable future.

No communications were received from shareholders regarding Directors' remuneration during the year.

Limits on Directors' Remuneration

Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum. The current limit is £300,000 per annum which may only be increased by shareholder ordinary resolution.

The level of fees for the years ended 30 September 2022 and 2021 is set out in the following table. Fees are reviewed annually and increased, if considered appropriate.

	30 September 2022 £	30 September 2021 £
Chairman	**44,600**	43,750
Chairman of Audit Committee	**32,600**	32,000
Senior Independent Director	**29,600**	29,000
Director	**27,500**	27,000

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first Annual General Meeting after their appointment, and be subject to re-election at least every three years thereafter. Notwithstanding this, the Board has agreed that all Directors shall retire and, if eligible, stand for re-election at each AGM.
- 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, including travel expenses, which are considered to be taxable expenses.
- 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.

Directors' Remuneration Report

Continued

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.
- Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.
- It is the Board's intention that this Remuneration Policy applies for the three years to 30 September 2025.

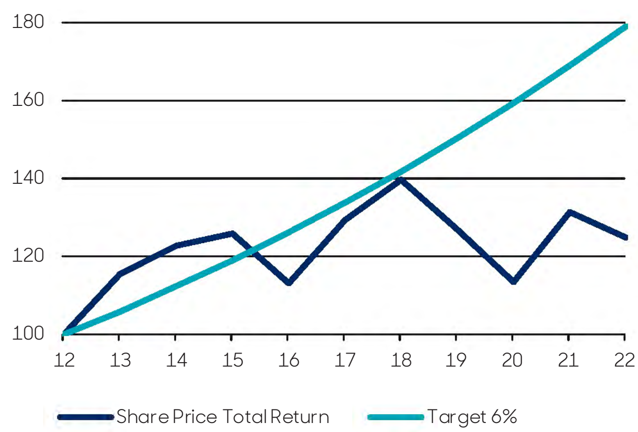
Implementation Report

Review of Directors' Fees

The level of Directors' fees was last revised with effect from 1 October 2021. The Board carried out a review of Directors' annual fees during the Year by reference to inflation, as measured by the increase of 8.6% in the Consumer Prices Index (including owner occupiers housing costs) for the year to August 2022 and taking account of peer group comparisons by sector and by market capitalisation. Accordingly, it was concluded that Directors' fees would change, with effect from 1 October 2022, to the following rates per annum: £48,400 (Chairman), £35,400 (Audit Committee Chairman), £32,100 (Senior Independent Director) and £29,900 for each other Director.

Company Performance

The graph below shows the share price return (assuming all dividends are reinvested) to Ordinary shareholders compared to a 6% total return over the ten year period ended 30 September 2022 (rebased to 100 at 30 September 2012). This index was chosen for comparison purposes as it is the objective used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 22 February 2022, shareholders approved, as Resolution 2, the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 September 2021.

The proxy votes shown in the following table were received on the Resolution:

Resolution	For and Discretionary	Against	Withheld
2. Receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy)	101.7m (99.1%)	893,774 (0.9%)	604,156

Spend on Pay

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

Audited Information

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 30 September 2022 and 30 September 2021 had no interest in the share capital of the Company other than those interests, all of which are beneficial, shown in the following table. In addition, no Director had any interest in the Company's 6.25% Bonds 2031 during the year under review or up to and including the date of approval of this Report.

	30 September 2022 Ordinary shares	30 September 2021 Ordinary shares
Davina Walter	**31,785**	31,785
Tom Challenor	**159,129**	158,262
Trevor Bradley	**50,000**	50,000
Anna Troup	**5,000**	5,000
Alistair Mackintosh [A]	**25,000**	25,000

[A] Held via a family investment company

There have been no changes to the Directors' interests in the share capital of the Company since 30 September 2022 up to the date of approval of this Report other than the purchase by Tom Challenor of a total of 288 shares on 20 and 24 October 2022, in relation to dividend reinvestment.

Fees Payable

The Directors who served during the year received the following fees, which exclude employers' National Insurance contributions. 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. All fees are at a fixed rate and there is no variable remuneration. Taxable benefits refer to travel costs associated with Directors' attendance at Board and Committee meetings.

Audited Information

Directors' Remuneration

The Directors received the following remuneration in the form of fees and taxable expenses:

	Year ended 30 September 2022			Year ended 30 September 2021		
	Fees £	Taxable Expenses £	Total £	Fees £	Taxable Expenses £	Total £
Davina Walter	**44,600**	**186**	**44,786**	43,750	–	43,750
Tom Challenor (see note below)	**34,700**	**146**	**34,846**	32,644	–	32,644
Trevor Bradley	**27,500**	**224**	**27,724**	27,000	–	27,000
Anna Troup	**27,500**	**234**	**27,734**	27,000	–	27,000
Alistair Mackintosh (appointed on 1 May 2021)	**27,500**	**138**	**27,638**	11,250	–	11,250
Julian Sinclair (resigned on 4 June 2021)	**-**	**-**	**-**	19,656	–	19,656
Total	**161,800**	**927**	**162,727**	161,300	–	161,300

Taxable expenses refer to amounts claimed by Directors for travelling to attend meetings. The above amounts exclude any employers' national insurance contributions, if applicable. Due to Covid-19, there were no taxable expenses claimed by Directors in the year ended 30 September 2021. 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. No payments were made to third parties. There are no other fees to disclose as the Company has no employees, chief executive or executive directors.

Tom Challenor succeeded Julian Sinclair as Senior Independent Director on 4 June 2021 and is paid a composite annual fee, incorporating his position as Chairman of the Audit Committee; this was equivalent to annual fees of £34,700 for the year ended 30 September 2022 (2021 - £34,000). With effect from 1 October 2022, Tom Challenor's composite annual fee will be £37,700.

Directors' Remuneration Report

Continued

Annual Percentage Change in Directors' Remuneration

The table below sets out, for the Directors who served during the Year, the annual percentage change in Directors' fees for the past three years.

	Year ended 30 September 2022	Year ended 30 September 2021	Year ended 30 September 2020
	Fees %	**Fees %**	**Fees %**
Davina Walter (appointed a Director on 1 February 2019, SID on 27 February 2019 and Chairman on 26 February 2020)	**1.9**	16.6	102.8
Tom Challenor (appointed SID on 4 June 2021)	**6.3**	3.6	6.1
Trevor Bradley (appointed a Director on 1 August 2019)	**1.9**	1.9	511.6
Anna Troup (appointed a Director on 1 August 2019)	**1.9**	1.9	511.6
Alistair Mackintosh (appointed a Director on 1 May 2021)	**144.4**	0.0	0.0

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 ended 30 September 2022:

- 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, including management of any potential conflicts of interest arising and reflected any feedback from shareholders.

Davina Walter
Chairman
20 December 2022

Report of the Audit Committee

The Audit Committee presents its Report for the year ended 30 September 2022.

Committee Composition

An Audit Committee has been established which was chaired by Tom Challenor throughout the year and consisted of the whole Board with the exception of Davina Walter. In compliance with July 2018 UK Code on Corporate Governance (the "Code"), the Chairman of the Board is not a member of the Committee but attends the Audit Committee by invitation of the Chairman

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience - Tom Challenor is a Fellow of the Institute of Chartered Accountants in England & Wales – and that, collectively, the Audit Committee possesses competence appropriate for the investment trust sector.

Role 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 Secretary 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 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, announcements and related formal statements;
- 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;
- 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 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.

Activities During the Year

The Audit Committee met twice during the year when, amongst other matters, it considered the Annual Report and the Half-Yearly Financial Report. Representatives of the Manager's internal audit department and risk and compliance department reported to the Committee on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Internal Control

There is an ongoing process, for identifying, evaluating and managing the Company's significant business and operational risks, which has been in place for the year ended 30 September 2022 and up to the date of approval of the Annual Report, which is regularly reviewed by the Board and complies with the FRC's guidance on internal controls.

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

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

Clear lines of accountability have been established between the Board and the Manager. The Board receives six-monthly reports from the Manager's risk and compliance and internal audit teams 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, and of the auditor.

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".

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

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;
- 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; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- as a matter of course the Manager's compliance department continually reviews its operations; and
- at its meeting in November 2022, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 September 2022 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 30 September 2022.

The Board has considered the need for an internal audit function. However, the Company has no employees and the day-to-day management of the Company's assets has been delegated to the Manager 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 Risks

During its review of the Company's financial statements for the year ended 30 September 2022, the Audit Committee considered, through review of reports and other documentation, the following significant issues, in particular those communicated by the auditor during its planning and reporting of the year end audit:

Valuation and Existence of Investments

How the issue was addressed – The Company's investments have been valued in accordance with the accounting policies, as disclosed in note 2(e) to the financial statements, which are consistent with the International Private Equity and Venture Capital Valuation Guidelines – Edition 2018. Within the FRS 102 Fair Value hierarchy, all investments are categorised as either Level 1 or 2 other than 30 investments (2021 - 30), totalling £209.1m (2021 - £172.1m), which are categorised as Level 3. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Audit Committee rigorously challenges the assumptions underlying valuation of unlisted investments. The Company engages the services of an independent Depositary to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Manager on a monthly basis and reports to the Board on an annual basis.

Recognition of Investment Income

How the issue was addressed – the recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors also review, at each meeting, the Company's income, including income received, revenue forecasts and dividend comparisons.

Recognition of a Deferred Tax Asset

How the issue was addressed – as at 30 September 2022, the Company has recognised a deferred tax asset of £1.2m (2021 – £2.7m) as it is considered likely that accumulated unrelieved management expenses and loan relationship deficits will be extinguished in future years. In arriving at the amount recognised, the Audit Committee has considered and adopted the Manager's estimate of the future levels of taxable income forecast to be generated by the Company and its utilisation of management expenses.

Maintenance of Investment Trust Status

How the issue was addressed – The Company has been approved as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010. Ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and reported at each Board meeting.

Allocation of finance costs and investment management fees

The Company's finance costs and investment management fees were charged 60% to capital and 40% to revenue during the year ended 30 September 2022. This charging allocation is changing to 50% to capital and 50% to revenue with effect from 1 October 2022. This reflects the Board's currently anticipated split of future investment returns further to the reshaping of the investment portfolio after the strategic review undertaken in 2020.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor, PricewaterhouseCoopers LLP 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 its 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 audit director).

In reviewing the auditor, the Committee also took into account the FRC's latest Audit Quality Inspection Report for PricewaterhouseCoopers LLP.

Report of the Audit Committee

Continued

Audit Tender

This year's audit of the Company's Annual Report is the third performed by PricewaterhouseCoopers LLP since their appointment following an audit tender process held by the Company in 2019 and is therefore the third year for which the senior statutory auditor, Shujaat Khan, has served.

Shareholders will have the opportunity to vote on the re-appointment of PricewaterhouseCoopers LLP as auditor, as Resolution 10, at the forthcoming AGM.

Provision of Non-Audit Services

The Committee has established a policy on the supply of non-audit services provided by the auditor. Such services are considered on an individual basis and may only be provided if the service is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest or prevent the auditor from remaining objective and independent. In addition, non-audit services will only be approved by the Committee if in compliance with the Financial Reporting Council's and EU Public Interest Entity's independence requirements. All non-audit services require the pre-approval of the Committee. Non-audit fees paid to the auditor during the year under review amounted to £15,750 (2021 - £20,000), comprising £11,000 (2021 - £16,000) for the review of the Half-Yearly Financial Report and £4,750 (2021 - £4,000) in relation to covenant compliance requirements for the 6.25% Bonds 2031.

Tom Challenor
Chairman of the Audit Committee
20 December 2022

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 have elected 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website but not for any information 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.

We confirm that to the best of our 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 of the Company;
- in the opinion of the Directors, the Annual Report taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board,
Davina Walter
Chairman
20 December 2022

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, Aberdeen Diversified Income and Growth Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 30 September 2022; the Statement of Comprehensive Income; the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

The Company is a standalone Investment Trust Company and engages abrdn Fund Managers Limited (the "AIFM") to manage its assets.

Overview

Audit scope

- We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third party referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the AIFM and the Administrator, and adopted a fully substantive testing approach using reports obtained from the AIFM.

Key Audit Matters

- Valuation and existence of investments
- Income from investments
- Ability to continue as a going concern (Continuation Vote)

Materiality

- Overall materiality: £3.6m (2021: £3.8m) based on approximately 1% of Net assets
- Performance materiality: £2.72m (2021: £2.85m)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the 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) identified by the auditors, including 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, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to the Audit Committee Report (page 61), the Accounting Policies (pages 79 and 80) and the Notes to the Financial Statements (pages 87 to 89). Level 1 and 2 investments at the year end are valued at £164.7m. Level 3 investments at year end were valued at £209m. We focused on the valuation and existence of investments because they represent the principal element of the net asset value of the Company as disclosed on the Statement of Financial Position in the Financial Statements. In addition, the valuation of Level 3 investments requires significant judgement to be applied by the Directors in considering the methodology and assumptions applied by underlying investment managers in valuing assets. Changes to key inputs to the estimates and/or the judgements made can result in a material change to the fair value of Level 3 investments.	**Investments for which a market price is available (Level 1 and 2 investments)** We tested the valuation of the level 1 and 2 investments by agreeing the prices used in the valuation to independent third party sources and evidence. We tested the existence of these investments by agreeing 100% of investment holdings to an independent custodian confirmation. No material misstatements were identified. **Investments for which a market price is not readily available (Level 3)** We understood and evaluated the valuation methodology applied by the Directors, in consultation with the AIFM, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV) and the requirements of UK GAAP. Furthermore, our testing of Level 3 investments included: · Obtaining a reconciliation of the investments that summarised year on year movements including any drawdowns and distributions in the period; · Checking that the valuation used in the financial statements was consistent with the company's accounting records including the reconciliation; · Testing the existence of the unquoted investment portfolio by agreeing a sample of the holdings to independently obtained third party confirmations; · Testing a sample of distributions and drawdowns to underlying supporting documentation and ensured that the treatment of the distribution as either a return of capital or revenue was consistent with this documentation; · Checking the accuracy of the valuations recorded by the client to underlying investment manager valuation reports which we obtained independently from the underlying fund managers; · Where investment manager valuation reports were not available as at the reporting date, we considered the appropriateness of the valuation used by management and any material changes applied to the most recent valuation reports received; · We considered the methodology and valuation approach applied by investment managers to check that it was in line with the requirements of IPEV; and · In addition, for a sample, we engaged our internal valuation experts to consider whether the valuations used by the company were considered to be within a reasonable range and whether any publicly available evidence contradicted the valuations recorded.

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc

Continued

Key audit matter	How our audit addressed the key audit matter
	We also read the minutes of meetings of the AIFM's internal Fair Value Pricing Committee where the valuations of certain Level 3 investments were discussed and adjustments to fair value were agreed to check the consistency of discussions with our testing and understanding of the investments. No material misstatements were identified.
Income from investments Refer to the Audit Committee Report (page 61), the Notes to the Financial Statements (pages 82 and 88) and the Accounting Policies (pages 78 to 80). ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments). Income from investments comprised dividend income, fixed interest income, distributions from Level 3 investments, and gains and losses on investments. We focused on the accuracy, completeness and occurrence of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and return for the year. We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Income Statement for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"), as incorrect application could indicate a misstatement in income recognition.	We assessed the revenue recognition accounting policy applied for compliance with UK GAAP and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy. **Dividend Income** We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data for all investments for which distribution information was publicly available. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends for all listed investments during the year, and no unrecorded dividends were found. To test the occurrence assertion, we tested that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions. No material misstatements were identified. **Fixed Interest income** We tested fixed interest income for a sample of investments by recalculating the expected coupon interest and amortisation, using the opening and closing portfolios and coupon rates and maturity dates obtained from independent third-party sources. No material misstatements were identified. **Collective investment scheme income** For a sample of distributions from collective investment schemes recorded in the period we tested the accuracy and occurrence of the amounts by agreeing the amounts to distribution notices and bank statements. No material misstatements were identified. **Gains and losses on investments** The gains and losses on investments held at fair value comprise realised and unrealised gains and losses. For unrealised gains and losses, we tested 100% of the Level 1 and Level 2 investments and sample tested the valuation of the Level 3 investments at the year-end (see above), together with testing the reconciliation of opening and closing investments. For realised gains and losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains and losses. No material misstatements were identified.

Key audit matter	How our audit addressed the key audit matter
Ability to continue as a going concern (Continuation Vote) Refer to the Chairman's Statement (page 10), Viability Statement (page 18), the Going Concern Statement (page 50), and the Basis of Preparation and Going Concern in the Notes to the Financial Statements (page 78). A continuation vote is due to take place at the 2023 AGM in February, which, if passed, will allow the Company to continue as an investment trust for a further 12 months. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern	Our audit procedures and findings in respect of going concern are set out in the "Conclusions relating to Going Concern' section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Materiality

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 evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£3.6m (2021: £3.8m)
How we determined it	Approximately 1% of Net assets.
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £2.72m (2021: £2.85m) for the company financial statements.

Independent Auditors’ Report to the members of Aberdeen Diversified Income and Growth Trust plc

Continued

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £181,000 (2021: £190,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it considered relevant threats, including the current economic environment as well as the impact of the war in Ukraine;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- obtaining and evaluating the Directors' going concern assessment which reflects conditions up to the point of approval of the Annual Report. We obtained evidence to support the key assumptions and forecasts driving the Directors' assessment. This included reviewing the Directors' assessment of the Company's financial position and forecasts, their assessment of liquidity and Bond covenant compliance as well as their review of the operational resilience of the Company and oversight of key third-party service providers;
- assessing the implication of significant reductions in Net Asset Value (NAV) as a result of market performance on the ongoing ability of the Company to operate.
- In addition, in relation to the continuation vote specifically, we considered:
  - the recommendation of the Directors to support the continuation vote;
  - the stability and diversity of the Company's shareholder register and the type of shareholders on the register;
  - the results of the previous continuation vote at the AGM in February 2022;
  - the Company's share price compared with its net asset value per share;
  - the Company's recent investment performance compared with its benchmark during the financial year; and
  - the discussions with and/or feedback received by the Board and its professional advisers from a wide range of shareholders.

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 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the Directors’ reporting on how they have 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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on our work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Directors' Remuneration

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

Corporate Governance Statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

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 and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditors' Report to the members of Aberdeen Diversified Income and Growth Trust plc

Continued

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, 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 and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Auditors' 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 auditors' 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.

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 of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010 and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- consideration of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Board and the Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of Level 3 investments;
- identifying and testing journal entries, in particular a sample of manual year end journal entries posted during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities.** This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of Directors' remuneration specified by law are not made; 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.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 26 February 2020 to audit the financial statements for the year ended 30 September 2020 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 30 September 2020 to 30 September 2022.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
20 December 2022

Financial Statements

Statement of Comprehensive Income

		Year ended 30 September 2022			Year ended 30 September 2021		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	10	–	11,405	11,405	–	22,879	22,879
Foreign exchange (losses)/gains		–	(24,660)	(24,660)	–	6,839	6,839
Income	3	17,959	–	17,959	18,878	–	18,878
Investment management fees	4	(517)	(776)	(1,293)	(528)	(791)	(1,319)
Administrative expenses	5	(940)	10	(930)	(917)	(63)	(980)
Net return/(loss) before finance costs and taxation		16,502	(14,021)	2,481	17,433	28,864	46,297
Finance costs	6	(426)	(639)	(1,065)	(563)	(24,595)	(25,158)
Net return/(loss) before taxation		16,076	(14,660)	1,416	16,870	4,269	21,139
Taxation	7	(637)	(1,488)	(2,125)	(871)	500	(371)
Return/(loss) attributable to equity shareholders		15,439	(16,148)	(709)	15,999	4,769	20,768
Return/(loss) per Ordinary share (pence)	9	4.99	(5.23)	(0.23)	5.14	1.53	6.67

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company. There has been no other comprehensive income during the year, accordingly, the return/(loss) attributable to equity shareholders is equivalent to the total comprehensive income/(loss) for the year.

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

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

Statement of Financial Position

	Note	As at 30 September 2022 £'000	As at 30 September 2021 £'000
Non-current assets			
Investments at fair value through profit or loss	10	**373,732**	390,446
Deferred taxation asset	7	**1,167**	2,655
		374,899	393,101
Current assets			
Debtors	11	**2,845**	1,234
Derivative financial instruments		**984**	332
Cash and cash equivalents		**7,179**	7,201
		11,008	8,767
Creditors: amounts falling due within one year			
Derivative financial instruments		**(5,906)**	(3,249)
Other creditors	12	**(949)**	(837)
		(6,855)	(4,086)
Net current assets		**4,153**	4,681
Total assets less current liabilities		**379,052**	397,782
Non-current liabilities			
6.25% Bonds 2031	13	**(15,694)**	(15,664)
Net assets		**363,358**	382,118
Capital and reserves			
Called up share capital	14	**91,352**	91,352
Share premium account		**116,556**	116,556
Capital redemption reserve		**26,629**	26,629
Capital reserve	15	**89,560**	106,572
Revenue reserve		**39,261**	41,009
Total shareholders' funds		**363,358**	382,118
Net asset value per Ordinary share (pence)	16		
Bonds at par value		**117.80**	123.54
Bonds at fair value		**117.63**	121.73

The financial statements on pages 74 to 106 were approved by the Board of Directors and authorised for issue on 20 December 2022 and were signed on its behalf by:

Davina Walter, Chairman

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

Statement of Changes in Equity

For the year ended 30 September 2022

	Note	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2021		91,352	116,556	26,629	106,572	41,009	382,118
Return after taxation		–	–	–	(16,148)	15,439	(709)
Ordinary shares purchased for treasury	14	–	–	–	(864)	–	(864)
Dividends paid	8	–	–	–	–	(17,187)	(17,187)
Balance at 30 September 2022		91,352	116,556	26,629	89,560	39,261	363,358

For the year ended 30 September 2021

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2020		91,352	116,556	26,629	109,551	42,142	386,230
Return after taxation		–	–	–	4,769	15,999	20,768
Ordinary shares purchased for treasury	14	–	–	–	(7,748)	–	(7,748)
Dividends paid	8	–	–	–	–	(17,132)	(17,132)
Balance at 30 September 2021		91,352	116,556	26,629	106,572	41,009	382,118

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

Statement of Cash Flows

	Note	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Operating activities			
Net return before finance costs and taxation		**2,481**	46,297
Adjustments for:			
Dividend income		**(15,202)**	(15,857)
Fixed interest income		**(2,689)**	(3,006)
Interest income		**11**	1
Other income		**(57)**	(14)
Dividends received		**15,172**	15,964
Fixed interest income received		**2,742**	3,414
Interest received		**(11)**	(1)
Other income received		**57**	14
Unrealised losses/(gains) on forward contracts		**2,005**	(1,082)
Foreign exchange (losses)/gains		**(550)**	205
Gains on investments		**(11,405)**	(22,879)
(Increase)/decrease in other debtors		**(40)**	12
Increase/(decrease) in accruals		**286**	(329)
Corporation tax paid		**(417)**	(382)
Taxation withheld		**(234)**	(237)
Net cash flow (used in)/from operating activities		**(7,851)**	22,120
Investing activities			
Purchases of investments		**(59,692)**	(181,599)
Sales of investments		**86,057**	243,544
Net cash flow from investing activities		**26,365**	61,945
Financing activities			
Purchase of own shares to treasury		**(864)**	(7,748)
Repurchase of bonds	13	**–**	(67,654)
Interest paid		**(1,035)**	(1,533)
Equity dividends paid	8	**(17,187)**	(17,137)
Net cash flow used in financing activities		**(19,086)**	(94,072)
Decrease in cash and cash equivalents		**(572)**	(10,007)
Analysis of changes in cash and cash equivalents during the year			
Opening balance		**7,201**	17,413
Foreign exchange		**550**	(205)
Decrease in cash and cash equivalents as above		**(572)**	(10,007)
Closing balance		**7,179**	7,201

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

Notes to the Financial Statements

For the year ended 30 September 2022

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No SC003721, with its Ordinary shares having a premium listing on the London Stock Exchange.

2. Accounting policies

(a) **Basis of preparation.** The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and the Association of Investment Companies ('AIC') Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued in July 2022. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 14 to 16 and have reviewed forecasts detailing revenue and liabilities. The Directors are satisfied that: the Company is able to meet all of its liabilities from its assets, including its ongoing charges, so possesses sufficient resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans.

While the Company is obliged to hold a continuation vote at the 2023 AGM, as ordinary resolution 12, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is usually more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation.

A substantial proportion of the Company's assets are invested in equity shares in companies and fixed interest securities listed on recognised stock exchanges and in most circumstances, including in the current market environment, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews cash flow projections and compliance with banking covenants, including the headroom available.

The financial statements are presented in sterling (rounded to the nearest £'000), which is the Company's functional and presentation currency. The Company's performance is evaluated and its liquidity is managed in sterling. Therefore sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which require Directors to exercise judgement in the process of applying the accounting policies. The areas where judgements, estimates and assumptions have the most significant effect on the amounts recognised in the financial statements are the determination of the fair value of unlisted investments, as disclosed in note 2(e).

(b) **Income**. Dividend income receivable on equity shares is recognised on the ex-dividend date. Dividend income on equity shares where no ex-dividend date is quoted is brought into account when the Company's right to receive payment is established. Where the Company has elected to receive dividends in the form of additional shares rather than in cash the amount of the cash dividend foregone is recognised as income. Special dividends are credited to capital or revenue according to their circumstances. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

Distributions of non-recallable capital received from unlisted holdings during their investment phase, which have been funded through profits being generated, are allocated to revenue in alignment with the nature of the underlying source of income and in accordance with guidance in the AIC SORP.

The fixed returns on debt instruments are recognised using the time apportioned accruals basis and the discount or premium on acquisition is amortised or accreted on a straight line basis. Interest income is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

(c) Expenses. All expenses are recognised on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

– expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed in note 10;

– the Company charged, during the year under review, 60% of investment management fees and finance costs to capital, in accordance with the Board's view at that time of the expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company.

In accordance with the investment management agreement, where applicable, an amount equivalent to the management fee received by the Manager on the underlying holding which is managed by the Group in the normal course of business, is either removed from or offset against the management fee payable by the Company to ensure that no double counting occurs.

(d) Taxation. The tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit 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 were applicable at 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 tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. 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 financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year. The SORP recommends that the benefit of that tax relief should be allocated to capital and a corresponding charge made to revenue. The Company does not apply the marginal method of allocation of tax relief as any allocation of tax relief between capital and revenue would have no impact on shareholders' funds. Had this allocation been made, the charge to revenue and corresponding credit to capital for the year ended 30 September 2022 would have been £1,720,000 (2021 – £1,698,000).

(e) Investments. The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and investments have been designated upon initial recognition at fair value through profit or loss. 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 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 through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange.

Unlisted investments, including those in Limited Partnerships ('LPs') are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines – Edition 2018.

The Company's investments in LPs are subject to the terms and conditions of the respective investee's offering documentation. The investments in LPs are valued based on the reported Net Asset Value ('NAV') of such assets as determined by the administrator or General Partner of the LP and adjusted by the Directors in consultation with the Manager to take account of concerns such as liquidity so as to ensure that investments held at fair value through profit or loss are carried at fair value. The reported NAV is net of applicable fees and expenses including carried interest amounts of the investees and the underlying investments held by each LP are accounted for, as defined in the respective investee's offering documentation. While the underlying fund managers may utilise various model-based approaches to value their investment portfolios, on which the Company's valuations are based, no such models are used directly in the preparation of fair values of the investments. The NAV of LPs reported by the administrators may subsequently be adjusted when such results are subject to audit and audit adjustments may be material to the Company.

Gains and losses arising from changes in fair value are treated 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.

(f) **Borrowings**. Borrowings are measured initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest rate method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and have been charged 40% to revenue and 60% to capital in the Statement of Comprehensive Income up to 30 September 2022 to reflect the Company's investment policy and prospective income and capital growth.

In the prior year the Company has treated the £23,750,000 premium paid to repurchase the 6.25% Bonds 2031 early by recognising it as a finance cost in the capital column of the Statement of Comprehensive Income. This is in line with guidance contained within the AIC SORP published in April 2021 and differs from the presentation in the half yearly report to 31 March 2021 where it was treated as a change in equity in the Statement of Changes in Equity. Further details can be found in note 6 on page 84 and note 13 on page 90.

(g) **Nature and purpose of reserves**

Called up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. This reserve is not distributable.

Capital redemption reserve. The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital. This reserve is not distributable.

Capital reserve. This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences. Additionally, expenses, including finance costs, are charged to this reserve in accordance with (c) and (f) above. The capital reserve is distributable to the extent unrealised gains/losses arising from unlisted investments are excluded.

When making a distribution to shareholders, the Directors determine profits available for distribution by reference to 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the company and other accessible sources of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(h) **Valuation of derivative financial instruments.** Derivatives are classified as fair value through profit or loss - held for trading. Derivatives are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the Statement of Comprehensive Income. The sources of the return under the derivative contract are allocated to the revenue and capital column of the Statement of Comprehensive Income in alignment with the nature of the underlying source of income and in accordance with guidance in the AIC SORP.

(i) **Dividends payable.** Dividends payable to equity shareholders are recognised in the financial statements when they have been approved by shareholders and become a liability of the Company. Interim dividends are recognised in the financial statements in the period in which they are paid.

(j) **Foreign currency.** Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the reporting date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included as a currency gain or loss in revenue or capital in the Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature.

(k) **Treasury shares.** When the Company purchases the Company's equity share capital to be held as treasury shares, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, 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) **Cash and cash equivalents.** Cash comprises cash in hand and demand deposits. Cash equivalents includes bank overdrafts repayable on demand and short term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

(m) **Segmental reporting.** The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided.

Notes to the Financial Statements

Continued

3. Income

	2022 £'000	2021 £'000
Income from investments		
UK listed dividends	**2,934**	3,876
Overseas listed dividends	**4,939**	5,523
Unquoted Limited Partnership income	**7,324**	6,230
Stock dividends	**5**	228
Fixed interest income	**2,689**	3,006
	17,891	18,863
Other income		
Interest	**11**	1
Other income	**57**	14
	68	15
Total income	**17,959**	18,878

4. Investment management fees

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**517**	**776**	**1,293**	528	791	1,319

The investment management fee has been levied by aFML at the following tiered levels:

- 0.50% per annum in respect of the first £300 million of the net asset value (with the 6.25% Bonds 2031 at fair value); and
- 0.45% per annum in respect of the balance of the net asset value (with the 6.25% Bonds 2031 at fair value).

The Company also receives rebates in respect of underlying investments in other funds managed by the Group (where an investment management fee is charged by the Group on that fund) in the normal course of business to ensure that no double counting occurs. Any investments made in funds managed by the Manager which themselves invest directly into alternative investments including, but not limited to, infrastructure and property are charged at the Manager's lowest institutional fee rate. To avoid double charging, such investments are excluded from the overall management fee calculation.

At the year end, an amount of £315,000 (2021 – £111,000) was outstanding in respect of management fees due by the Company.

5. Administrative expenses

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	**162**	**–**	**162**	161	–	161
Custody fees	**42**	**–**	**42**	38	–	38
Depositary fees	**50**	**–**	**50**	45	–	45
Shareholders' services[A]	**263**	**–**	**263**	263	–	263
Registrar's fees	**59**	**–**	**59**	56	–	56
Transaction costs	**–**	**26**	**26**	–	27	27
Legal and professional fees	**103**	**–**	**103**	82	–	82
Printing and postage	**37**	**–**	**37**	43	–	43
Irrecoverable VAT	**50**	**–**	**50**	71	–	71
Auditor's remuneration:						
– statutory audit	**61**	**–**	**61**	55	–	55
– other non-audit services						
review of Bond compliance certificate	**5**	**–**	**5**	4	–	4
review of Half-yearly Report	**11**	**–**	**11**	16	–	16
Other expenses	**97**	**(36)**	**61**	83	36	119
	940	**(10)**	**930**	917	63	980

[A] Includes registration, savings scheme and other wrapper administration and promotional expenses, of which £260,000 (2021 – £260,000) was payable to aFML to cover promotional activities during the year. There was £170,000 (2021 – £110,000) due to aFML in respect of these promotional activities at the year end.

Notes to the Financial Statements

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6. Finance costs

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6.25% Bonds 2031	**414**	**622**	**1,036**	555	24,583	25,138
Bank interest	**12**	**17**	**29**	8	12	20
	426	**639**	**1,065**	563	24,595	25,158

The prior year charge above for 6.25% Bonds 2031 includes a fee of £105,000 which was incurred in relation to consultancy advice on the early repayment of a portion of these bonds and the premium paid above amortised cost of £23,750,000.

7. Taxation

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Current UK tax	**502**	**–**	**502**	437	–	437
Double taxation relief	**(62)**	**–**	**(62)**	(70)	–	(70)
Corporation tax prior year adjustment[A]	**22**	**–**	**22**	318	–	318
Overseas tax suffered	**175**	**1**	**176**	186	41	227
Current tax charge for the year	**637**	**1**	**638**	871	41	912
Movement in deferred tax asset	**–**	**1,487**	**1,487**	–	(541)	(541)
Total tax charge for the year	**637**	**1,488**	**2,125**	871	(500)	371

[A] Adjustment in 2021 relates to tax payable upon the reclassification of income as taxable which had previously been identified as non-taxable.

(b) **Factors affecting the tax charge for the year**. The tax assessed for the year is higher than the standard rate of corporation tax of 19% (2021 – lower). The differences are explained as follows:

	2022			2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	**16,076**	**(14,660)**	**1,416**	16,870	4,269	21,139
Net return before taxation multiplied by the standard rate of corporation tax of 19.0% (2021 – same)	**3,054**	**(2,785)**	**269**	3,205	811	4,016
Effects of:						
Non taxable (gains) on investments held at fair value through profit or loss	**–**	**(1,793)**	**(1,793)**	–	(4,553)	(4,553)
Exchange losses/(gains) not taxable	**–**	**4,305**	**4,305**	–	(1,094)	(1,094)
Non taxable UK dividend income	**(346)**	**–**	**(346)**	(480)	–	(480)
Non taxable overseas dividend income	**(486)**	**–**	**(486)**	(591)	–	(591)
Disallowable expenses	**–**	**5**	**5**	–	4,524	4,524
Overseas tax suffered	**175**	**1**	**176**	186	42	228
Double taxation relief	**(62)**	**–**	**(62)**	(69)	–	(69)
Corporation tax prior year adjustment	**22**	**–**	**22**	318	–	318
Utilisation of excess management expenses	**–**	**(1,452)**	**(1,452)**	–	(1,387)	(1,387)
Effect of not applying the marginal method of allocation of tax relief	**(1,720)**	**1,720**	**–**	(1,698)	1,698	–
Movement in deferred tax asset	**–**	**1,487**	**1,487**	–	(541)	(541)
	637	**1,488**	**2,125**	871	(500)	371

(c) **Factors that may affect future tax charges**. As at 30 September 2022, the Company has recognised a deferred tax asset of £1,167,000 (2021 – £2,655,000) as it is considered likely that accumulated unrelieved management expenses and loan relationship deficits of £5,304,000 (2021 – £13,059,000) will be extinguished in future years. In arriving at the amount recognised, the Company has estimated the future levels of taxable income forecast to be generated and the utilisation of management expenses. The deferred tax asset of £1,167,000 (2021 – £2,655,000) has been calculated using the standard rates of corporation tax applicable, being 19% until 31 March 2023 and 25% thereafter.

(d) **Movement in deferred tax asset**	2022 £'000	2021 £'000
Origination and reversal of timing differences	**1,646**	(368)
Impact of change in tax rate	**(159)**	(173)
	1,487	(541)

Notes to the Financial Statements

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8. Ordinary dividends on equity shares

	2022 £'000	2021 £'000
Third interim dividend for 2021 – 1.38p (2020 – 1.36p)	**4,269**	4,317
Fourth interim dividend for 2021 – 1.38p (2020 – 1.36p)	**4,267**	4,255
First interim dividend for 2022 – 1.40p (2021 – 1.38p)	**4,328**	4,285
Second interim dividend for 2022 – 1.40p (2021 – 1.38p)	**4,323**	4,275
	17,187	17,132

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 and 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £15,439,000 (2021 – £15,999,000).

	2022 £'000	2021 £'000
First interim dividend for 2022 – 1.40p (2021 – 1.38p)	**4,328**	4,285
Second interim dividend for 2022 – 1.40p (2021 – 1.38p)	**4,323**	4,275
Third interim dividend for 2022 – 1.40p (2021 – 1.38p)	**4,319**	4,269
Fourth interim dividend for 2022 – 1.40p[A] (2021 – 1.38p)	**4,314**	4,267
	17,284	17,096

[A] The amount reflected above for the cost of the fourth interim dividend for 2022 is based on 308,150,238 Ordinary shares, being the number of Ordinary shares in issue, excluding shares held in treasury, at the date of this Report.

9. Return per Ordinary share

	2022 p	2021 p
Revenue return	**4.99**	5.14
Capital (loss)/return	**(5.23)**	1.53
Total (loss)/return	**(0.23)**	6.67

The figures above are based on the following:

	2022 £'000	2021 £'000
Revenue return	**15,439**	15,999
Capital (loss)/return	**(16,148)**	4,769
Total (loss)/return	**(709)**	20,768

Weighted average number of shares in issue[A]	**308,982,666**	311,534,668

[A] Calculated excluding shares held in treasury.

10. Investments

	2022 £'000	2021 £'000
Held at fair value through profit or loss		
Opening valuation	**390,446**	428,859
Opening investment holdings (gains)/losses	**(8,546)**	17,375
Opening book cost	**381,900**	446,234
Movements during the year:		
Purchases at cost	**59,476**	182,048
Sales – proceeds	**(87,527)**	(243,196)
Sales – losses	**(11,861)**	(3,042)
Accretion of fixed income book cost	**(68)**	(144)
Closing book cost	**341,920**	381,900
Closing investment holdings gains	**31,812**	8,546
Closing valuation of investments	**373,732**	390,446

The portfolio valuation	2022 £'000	2021 £'000
UK equities	**76,744**	113,609
Overseas equities	**40,113**	44,148
Fixed interest	**32,147**	40,040
Loan investments	**15,662**	20,541
Unlisted holdings	**209,066**	172,108
	373,732	390,446

Gains/(Losses) on investments	2022 £'000	2021 £'000
Realised losses	**(11,861)**	(3,042)
Net movement in investment holdings gains	**23,266**	25,921
	11,405	22,879

The Company received £87,527,000 (2021 – £243,196,000) from investments sold in the period. The book cost of these investments when they were purchased was £99,388,000 (2021 – £246,238,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of 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:

	2022 £'000	2021 £'000
Purchases	**47**	155
Sales	**62**	181
	109	336

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

Substantial holdings. At the year end the Company held more than 3% of a share class in the following investees:

Investee	Class	% of Class
Aberdeen Global Infrastructure Partners II	AUD	11
Aberdeen Global Infrastructure Partners II	USD	11
Aberdeen European Residential Opportunities Fund	B	85
Aberdeen Property Secondaries Partners II	A-1	21
Aberdeen Standard Global Private Markets Fund	GBP Acc	6
Andean Social Infrastructure Fund I	USD	13
ASI Hark III	USD	29
Bonaccord Capital Partners I-A	USD	7
Cheyne Social Property Impact Fund	GBP	3
Maj Equity Fund 4	DKK	3
Mount Row Credit Fund III	A9	100
Secondary Opportunities Fund	USD	6
SL Capital Infrastructure II	EUR	4

11. Debtors

	2022 £'000	2021 £'000
Amounts due from brokers	**1,806**	335
Prepayments and accrued income	**950**	852
Taxation recoverable	**89**	47
	2,845	1,234

12. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts due to brokers	**-**	221
Interest on 6.25% Bonds 2031	**55**	55
Corporation tax payable	**242**	195
Other creditors	**652**	366
	949	837

Notes to the Financial Statements

Continued

13. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
6.25% Bonds 2031[A]		
Balance at beginning of year	15,664	59,540
Amortisation of discount and issue expenses	30	28
Repurchase of bonds	–	(43,904)
Balance at end of year	**15,694**	15,664

[A] The fair value of the 6.25% Bonds using the last available quoted offer price from the London Stock Exchange as at 30 September 2022 was 100.7812p, a total of £16,222,000 (2021 – 131.9155p, total of £21,233,000).

At the year end the Company had in issue £16,096,000 (2021 – £16,096,000) Bonds 2031 which were issued at 99.343%. During the prior period, the Company repurchased £43,904,000 bonds at a cost of £67,654,000. The Company has treated the £23,750,000 premium paid to repurchase the 6.25% Bonds 2031 early by recognising it as a finance cost in the capital column of the Statement of Comprehensive Income. The Bonds have been accounted for in accordance with FRS 102, which require any discount or issue costs to be amortised over the life of the Bonds. The Bonds are secured by a floating charge over all of the assets of the Company.

Under the covenants relating to the Bonds, the Company is required to ensure that, at all times, the aggregate principal amount outstanding in respect of monies borrowed by the Company does not exceed an amount equal to its share capital and reserves. All covenants were met during the year and also during the period from the year end to the date of this Report.

14. Called up share capital

	Ordinary shares (number)	Treasury shares (number)	Total shares (number)	£'000
Allotted, called up and fully paid				
Ordinary shares of 25p each				
At 1 October 2021	309,318,738	28,433,068	337,751,806	91,352
Shares purchased for treasury	(871,424)	871,424	–	–
At 30 September 2022	**308,447,314**	**29,304,492**	**337,751,806**	**91,352**

During the year 871,424 (2021 – 8,011,500) Ordinary shares of 25p each were purchased to be held in treasury at a cost of £864,000 (2021 – £7,748,000). There were no Ordinary shares of 25p issued from treasury during the year (2021 – same).

Since the year end 297,076 Ordinary shares of 25p each have been purchased to be held in treasury by the Company for a total cost of £275,000.

15. Capital reserve

	2022 £'000	2021 £'000
At 1 October	**106,572**	109,551
Movement in investment holding gains	**23,266**	25,921
Losses on realisation of investments at fair value	**(11,861)**	(3,042)
Foreign exchange (losses)/gains	**(24,660)**	6,839
Transaction and other costs	**10**	(63)
Finance costs	**(639)**	(24,595)
Purchase of own shares to treasury	**(864)**	(7,748)
Investment management fees	**(776)**	(791)
Overseas tax suffered	**(1)**	(41)
Deferred tax	**(1,487)**	541
At 30 September	**89,560**	106,572

16. Net asset value per Ordinary share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end were as follows:

Debt at par	2022	2021
Net asset value attributable (£'000)	**363,358**	382,118
Number of Ordinary shares in issue excluding treasury (note 14)	**308,447,314**	309,318,738
Net asset value per share (p)	**117.80**	123.54

Debt at fair value	£'000	£'000
Net asset value attributable	**363,358**	382,118
Add: Amortised cost of 6.25% Bonds 2031	**15,694**	15,664
Less: Market value of 6.25% Bonds 2031	**(16,222)**	(21,233)
	362,830	376,549
Number of Ordinary shares in issue excluding treasury (note 14)	**308,447,314**	309,318,738
Net asset value per share (p)	**117.63**	121.73

Notes to the Financial Statements

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17. Financial instruments

Risk management. The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy.

As at 30 September 2022 there were 16 open positions in derivatives transactions (2021 – 33).

Risk management framework. The directors of abrdn Fund Managers Limited ('aFML') collectively assume responsibility for aFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

aFML is a fully integrated member of abrdn plc (the 'Group'), which provides a variety of services and support to aFML in the conduct of its business activities, including the oversight of the risk management framework for the Company. aFML has delegated the day to day administration of the investment policy to abrdn Investments Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). aFML has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Audit Committee of the Group's Board of Directors and to the Group's Chief Executive Officer. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Chief Risk Officer, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ('SHIELD').

The Group's corporate governance structure is supported by several committees to assist the board of directors of aFML, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described in the committees' terms of reference.

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

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Asset selection is therefore based on disciplined accounting, market and sector analysis. 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 asset class. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current strategy is detailed in the Chairman's Statement on pages 8 to 10 and in the Investment Manager's Report on pages 25 to 29.

The Board has agreed the parameters for net gearing/cash, which was 1.8% of net assets as at 30 September 2022 (2021 – 2.2%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

Market risk. The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 11. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 25 to 29.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold investments in the portfolio in a broad spread of asset classes in order to reduce the risk arising from factors specific to a particular asset class.

Interest rate risk. Interest rate movements may affect:

– the level of income receivable on cash deposits; and

– the fair value of any investments in fixed interest rate securities.

Management of the risk. 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. Details of the 6.25% Bonds 2031 and interest rate applicable can be found in note 13 on page 90.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Financial assets. The interest rate risk of the portfolio of financial assets at the reporting date was as follows:

	2022			2021		
	Within 1 year £'000	More than 1 year £'000	Total £'000	Within 1 year £'000	More than 1 year £'000	Total £'000
Exposure to fixed interest rates						
Fixed interest investments	**4,633**	**27,514**	**32,147**	4,386	29,680	34,066
Exposure to floating interest rates						
Fixed interest investments[A]	**–**	**–**	**–**	–	5,974	5,974
Loan investments[A]	**–**	**15,662**	**15,662**	–	20,541	20,541
Cash and cash equivalents	**7,179**	**–**	**7,179**	7,201	–	7,201
	11,812	**43,176**	**54,988**	11,587	56,195	67,782

[A] Variable distributions received from investment holdings, which have an underlying portfolio of fixed interest securities.

Financial liabilities. The Company has borrowings by way of a bond issue, held at amortised cost of £15,694,000 (2021 – £15,664,000) details of which are in note 13 on page 90. The fair value of this loan has been calculated at £16,222,000 as at 30 September 2022 (2021 – £21,233,000).

Interest rate sensitivity. A sensitivity analysis demonstrates the sensitivity of the Company's results for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit/(loss) for the year is the effect of the assumed change in interest rates on:

– the net interest income for the year, based on the floating rate financial assets held at the Statement of Financial Position date; and

– changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the Statement of Financial Position date.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net interest for the year ended 30 September 2022 would increase/decrease by £36,000 (2021 – increase/decrease £36,000). This is attributable to the Company's exposure to interest rates on its floating rate cash balances at 30 September 2022.

The capital return would decrease/increase by £4,384,000 (2021 – increase/decrease by £2,060,000) using VaR ("Value at Risk") analysis based on 100 observations of monthly VaR computations of fixed interest portfolio positions at each year end.

Foreign currency risk. A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in foreign exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently the Statement of Financial Position can be affected by movements in exchange rates.

Management of the risk. The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company has entered into derivative transactions, in the form of forward foreign currency contracts, to ensure that exposure to foreign denominated investments and cashflows is appropriately hedged.

Foreign currency risk exposure by currency of denomination excluding other debtors and receivables and other payables falling due within one year:

	30 September 2022			30 September 2021		
	Investments £'000	Net monetary items £'000	Total currency exposure £'000	Investments £'000	Net monetary items £'000	Total currency exposure £'000
US Dollar	**150,252**	**(3,124)**	**147,128**	128,398	(2,552)	125,846
Euro	**52,268**	**(702)**	**51,566**	61,334	249	61,583
Other	**49,275**	**1,010**	**50,285**	51,640	1,057	52,697
	251,795	**(2,816)**	**248,979**	241,372	(1,246)	240,126

Foreign currency sensitivity. The following table details the impact on the Company's net assets to a 20% decrease (in the context of a 20% increase the figures below should all be read as negative) in sterling against the foreign currencies in which the Company has exposure. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. This sensitivity excludes forward foreign currency contracts entered into for hedging short term cash flows.

	2022 £'000	2021 £'000
US Dollar	**29,426**	25,169
Euro	**10,313**	12,317
Other	**10,057**	10,539
	49,796	48,025

Forward foreign currency contracts. The following forward foreign currency contracts were outstanding at the Statement of Financial Position date:

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 30 September 2022 £'000
1 September 2022	GBP	AUD	7 December 2022	13,528	1.7359	324
1 September 2022	GBP	CAD	7 December 2022	6,596	1.5350	41
1 September 2022	GBP	NOK	7 December 2022	6,060	12.1588	292
1 September 2022	GBP	NZD	7 December 2022	6,123	1.9745	239
1 September 2022	USD	GBP	7 December 2022	222	1.1173	8
12 September 2022	EUR	GBP	7 December 2022	1,205	1.1349	9
15 September 2022	USD	GBP	7 December 2022	259	1.1173	8
29 September 2022	GBP	USD	7 December 2022	3,445	1.1173	63
						984
1 September 2022	GBP	EUR	7 December 2022	65,989	1.1349	(943)
1 September 2022	GBP	SEK	7 December 2022	6,055	12.3520	(15)
1 September 2022	GBP	USD	7 December 2022	130,780	1.1173	(4,886)
1 September 2022	JPY	GBP	7 December 2022	2,277	160.5538	(7)
7 September 2022	GBP	USD	7 December 2022	1,466	1.1173	(39)
9 September 2022	GBP	USD	7 December 2022	199	1.1173	(8)
22 September 2022	GBP	USD	7 December 2022	251	1.1173	(2)
22 September 2022	GBP	USD	7 December 2022	423	1.1173	(6)
						(5,906)

Notes to the Financial Statements

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Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 30 September 2021 £'000
1 September 2021	JPY	GBP	9 December 2021	16,161	150.3681	137
1 September 2021	GBP	EUR	9 December 2021	63,954	1.1619	43
1 September 2021	GBP	NZD	9 December 2021	9,172	1.9558	18
7 September 2021	USD	GBP	9 December 2021	819	1.3485	19
13 September 2021	JPY	GBP	9 December 2021	1,855	150.3681	20
13 September 2021	GBP	NZD	9 December 2021	646	1.9558	3
14 September 2021	EUR	GBP	9 December 2021	327	1.1619	2
15 September 2021	EUR	GBP	9 December 2021	3,224	1.1619	15
15 September 2021	USD	GBP	9 December 2021	592	1.3485	15
16 September 2021	USD	GBP	9 December 2021	2,092	1.3485	52
20 September 2021	USD	GBP	9 December 2021	252	1.3485	4
20 September 2021	USD	GBP	9 December 2021	77	1.3485	1
23 September 2021	USD	GBP	9 December 2021	138	1.3485	3
						332
1 September 2021	GBP	AUD	9 December 2021	14,660	1.8662	(40)
1 September 2021	GBP	SEK	9 December 2021	8,983	11.7898	(50)
1 September 2021	GBP	NOK	9 December 2021	9,256	11.7781	(151)
1 September 2021	GBP	CAD	9 December 2021	9,161	1.7084	(169)
1 September 2021	GBP	USD	9 December 2021	114,704	1.3485	(2,584)
2 September 2021	GBP	USD	9 December 2021	150	1.3485	(4)
7 September 2021	EUR	GBP	9 December 2021	785	1.1619	(1)
13 September 2021	GBP	EUR	9 December 2021	912	1.1619	(7)
13 September 2021	GBP	NOK	9 December 2021	611	11.7781	(10)
13 September 2021	GBP	SEK	9 December 2021	900	11.7898	(10)
13 September 2021	GBP	AUD	9 December 2021	1,889	1.8662	(13)
13 September 2021	GBP	CAD	9 December 2021	756	1.7084	(19)
13 September 2021	GBP	EUR	9 December 2021	3,063	1.1619	(21)
13 September 2021	GBP	USD	9 December 2021	1,056	1.3485	(28)
16 September 2021	GBP	JPY	9 December 2021	279	150.3681	(1)
16 September 2021	GBP	EUR	9 December 2021	436	1.1619	(4)
16 September 2021	GBP	USD	9 December 2021	2,625	1.3485	(65)
17 September 2021	GBP	USD	9 December 2021	320	1.3485	(7)
21 September 2021	GBP	USD	9 December 2021	1,262	1.3485	(19)
28 September 2021	GBP	USD	9 December 2021	6,084	1.3485	(46)
						(3,249)

Other price risk. Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of investments.

Management of the risk. 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 allocation of assets to international markets and the stock selection process, as detailed on pages 11 and 12, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy.

Other price risk sensitivity. If market prices at the reporting date had been 10% higher or lower on investments held at fair value while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 September 2022 would have increased/decreased by £32,592,000 (2021 – £32,834,000).

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

	Within 1 year £'000	Within 1-3 years £'000	Within 3-5 years £'000	More than 5 years £'000	Total £'000
6.25% Bonds 2031	–	–	–	16,096	16,096
Interest cash flows on 6.25% Bonds 2031	1,006	2,012	2,012	5,030	10,060
	1,006	**2,012**	**2,012**	**21,126**	**26,156**

Management of the risk. The Company's assets comprise sufficient readily realisable securities which can be sold to meet funding commitments if necessary.

Credit risk. This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Management of the risk

– where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;

– investments in quoted bonds are made across a variety of industry sectors and geographic markets so as to avoid concentrations of credit risk;

– transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;

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

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the daily review of failed trade reports. In addition, both stock and cash reconciliations to the custodian's records are performed daily to ensure discrepancies are investigated in a timely manner. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee; and

– cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

Notes to the Financial Statements

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Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 30 September 2022 and 30 September 2021 was as follows:

	2022		2021	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	**373,732**	**47,809**	390,446	60,581
Current assets				
Other debtors		**–**	90	90
Amounts due from brokers	**1,806**	**1,806**	335	335
Accrued income	**853**	**853**	813	813
Derivatives	**984**	**984**	332	332
Cash and short term deposits	**7,179**	**7,179**	7,201	7,201
	384,554	**58,631**	399,217	69,352

None of the Company's financial assets are secured by collateral or other credit enhancements and none of the Company's financial assets are past due or impaired (2021 – £nil).

Credit ratings. The following table provides a credit rating profile using Standard and Poor's credit rating for the bond portfolio at 30 September 2022 and 30 September 2021.

	2022 £'000	2021 £'000
A	**792**	995
A–	**159**	1,026
AA–	**–**	265
B	**–**	719
B–	**–**	317
BB	**4,285**	2,857
BB–	**2,264**	3,489
BBB+	**4,324**	5,088
BBB	**760**	467
BBB–	**1,299**	2,434
Non-rated	**33,926**	22,383
	47,809	40,040

Whilst a substantial proportion of the fixed interest portfolio does not have a rating provided by a recognised credit ratings agency, the Manager undertakes an ongoing review of their suitability for inclusion within the portfolio.

18. 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 has the following levels:

Level 1: inputs are quoted prices (unadjusted) in active markets 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 for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices).

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 30 September 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	91,349	25,509	209,065	325,923
Loan investments		15,662		15,662
Fixed interest instruments		32,147		32,147
Forward currency contracts – financial assets		984		984
Forward currency contracts – financial liabilities		(5,906)		(5,906)
Net fair value	91,349	68,396	209,065	368,810

As at 30 September 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	131,049	26,708	172,108	329,865
Loan investments	–	20,541	–	20,541
Fixed interest instruments	–	40,040	–	40,040
Forward currency contracts – financial assets	–	332	–	332
Forward currency contracts – financial liabilities	–	(3,249)	–	(3,249)
Net fair value	131,049	84,372	172,108	387,529

Level 3 Financial assets at fair value through profit or loss	**Year ended 30 September 2022 £'000**	**Year ended 30 September 2021 £'000**
Opening fair value	**172,108**	117,208
Purchases including calls (at cost)	**24,445**	65,762
Disposals and return of capital	**(20,803)**	(20,175)
Transfers from level 1	**70**	–
Transfers from level 2	**2,853**	–
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
– assets disposed of during the year	**535**	2,448
– assets held at the end of the year	**29,857**	6,865
Closing balance	**209,065**	172,108

The fair value of Level 3 financial assets has been determined by reference to primary valuation techniques described in note 2(e) of these financial statements. The Level 3 equity investments comprise the following:

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Aberdeen European Residential Opportunities Fund	**9,769**	11,869
Aberdeen Global Infrastructure Partners II (AUD)	**6,840**	5,949
Aberdeen Global Infrastructure Partners II (USD)	**17,755**	9,705
Aberdeen Property Secondaries Partners II	**9,851**	12,568
Aberdeen Standard Global Private Markets Fund	**19,122**	17,251
Aberdeen Standard Secondary Opportunities Fund IV	**9,385**	5,478
Agriculture Capital Management Fund II	**4,258**	3,575
Andean Social Infrastructure Fund I	**12,691**	5,886
ASI HARK III	**4,088**	–
BlackRock Renewable Income – UK	**8,523**	8,055
Blue Capital Alternative Income	**–**	46
Bonaccord Capital Partners I-A	**15,255**	6,274
Burford Opportunity Fund	**17,520**	12,794
Cheyne Social Property Impact Fund	**4,813**	5,196
Dover Street VII	**70**	235
HarbourVest International Private Equity V	**6**	51
HarbourVest International Private Equity VI	**2,100**	3,020
HarbourVest VIII Buyout Fund	**260**	353
HarbourVest VIII Venture Fund	**178**	210
Healthcare Royalty Partners IV	**13,522**	10,779
Maj Invest Equity 4	**1,335**	2,806
Maj Invest Equity 5	**2,492**	1,785
Markel CATCo Reinsurance Fund Ltd – LDAF 2018 SPI	**298**	1,058
Markel CATCo Reinsurance Fund Ltd – LDAF 2019 SPI	**281**	1,305
Mesirow Financial Private Equity III	**228**	214
Mesirow Financial Private Equity IV	**882**	1,272
Mount Row Credit Fund II	**7,494**	9,850
Pan European Infrastructure Fund	**1,697**	4,352
PIMCO Private Income Fund Offshore Feeder I LP	**8,796**	7,416
SL Capital Infrastructure II	**19,581**	14,745
TrueNoord Co-Investment	**9,976**	8,011
	209,065	172,108

During the year to 30 September 2022, the Company reviewed its exposure to holdings in Russia in light of the war in Ukraine and decided to initially write down the fair value of holdings to £nil and subsequently value on the basis of net realisable sales proceeds. The consequence of this is noted in transfer from Level 1 and Level 2 in the above table. There were no transfers between levels for financial assets and financial liabilities during the year ended 30 September 2021.

For all other assets and liabilities (i.e. those not included in the hierarchy table) carrying value approximates to fair value with the exception of the 6.25% Bonds 2031. The basis of their fair value is detailed in note 13 on page 90.

19. Related party transactions and transactions with the Manager

Related party transactions – Directors' fees and interests. 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 55 to 58. The balance of fees due to Directors at the year end was £13,000 (2021 – £nil).

Transactions with the Manager. The Company has an agreement with aFML for the provision of management services. The investment management fee is levied by aFML at the following tiered levels, payable monthly in arrears:

– 0.50% per annum in respect of the first £300 million of the net asset value (with debt at fair value); and

– 0.45% per annum in respect of the balance of the net asset value (with debt at fair value).

Details of transactions during the year and balances outstanding at the year end are disclosed in note 4 on page 82.

In accordance with the investment management agreement, where applicable, an amount equivalent to the management fee received by the Manager on the underlying holding which is managed by the Group in the normal course of business, is either removed from or offset against the management fee payable by the Company to ensure that no double counting occurs. Any investments made in funds managed by the Group which themselves invest directly into alternative investments including, but not limited to, infrastructure and property will be charged at the Group's lowest institutional fee rate. To avoid double charging, such investments will be excluded from the overall management fee calculation.

The following table details all investments held at 30 September 2022 that were managed by the Group. For the period to 30 September 2022 no fees were levied in respect of these funds.

	30 September 2022 £'000
SL Capital Infrastructure II[B]	19,581
Aberdeen Standard Global Private Markets Fund[B]	19,122
Aberdeen Global Infrastructure Partners II (USD)[D]	17,755
Andean Social Infrastructure Fund I[B]	12,691
Aberdeen Property Secondaries Partners II[C]	9,851
Aberdeen European Residential Opportunities Fund[B]	9,769
Aberdeen Standard Secondary Opportunities Fund IV[C]	9,385
Aberdeen Global Infrastructure Partners II (AUD)[D]	6,840
ASI Hark III[B]	4,088
Aberdeen Standard Alpha – Global Loans Fund[A]	2,347
	111,429

[A] The Company is invested in a share class which is not subject to a management charge from the Group.
[B] The value of this holding is removed from the management fee calculation to ensure that no double counting occurs.
[C] An amount equivalent to the management fee received by the Manager on the underlying is offset against the management fee payable by the Company to ensure that no double counting occurs.
[D] The invested capital commitment is removed from the management fee calculation to ensure than no double counting occurs.

The Company also has an agreement with aFML for the provision of secretarial, accounting and administration services and promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in note 5 on page 83.

20. Capital management policies and procedures

The current investment objective of the Company is to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

The capital of the Company consists of debt (comprising Bonds) and equity (comprising issued capital, reserves and retained earnings). The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing which takes into account the Investment Manager's views on the market (net gearing at the reporting period end is disclosed on page 5 and the calculation basis is set out on pages 115 and 116);

– the level of equity shares in issue; and

– the revenue account, shareholder distributions and the extent to which the balance is either accretive or dilutive of the revenue reserves.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

At the year end a covenant relating to the issue of the Bonds provides that the Company is to ensure that, at all times, the aggregate principal amount outstanding in respect of monies borrowed by the Company does not exceed an amount equal to its share capital and reserves. This covenant was met during the year and also during the period from the year end to the date of this report. The Company is not subject to any other externally imposed capital requirements.

21. Analysis of changes in net debt

	At 1 October 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 September 2022 £'000
Cash and cash equivalents	7,201	–	(22)	–	7,179
Forward contracts	(2,917)	(2,005)	–	–	(4,922)
Debt due after one year	(15,664)	–	–	(30)	(15,694)
Total	(11,380)	(2,005)	(22)	(30)	(13,437)

	At 1 October 2020 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 September 2021 £'000
Cash and cash equivalents	17,413	5,411	(15,623)	–	7,201
Forward contracts	(3,999)	1,082	–	–	(2,917)
Debt due after one year	(59,540)	–	43,904	(28)	(15,664)
Total	(46,126)	6,493	28,281	(28)	(11,380)

22. Commitments and contingent liabilities

At 30 September 2022 the Company had commitments of £276,021,000 of which £74,420,000 remained outstanding (2021 – £80,158,000). Further details are given below. There were no contingent liabilities as at 30 September 2022 (2021 – £nil).

	Undrawn commitments 30 September 2022 £'000
Aberdeen Standard Secondary Opportunities Fund IV	17,134
SL Capital Infrastructure II	10,374
Andean Social Infrastructure Fund I	8,880
Healthcare Royalty Partners IV	7,703
Burford Opportunity Fund	7,211
Aberdeen Global Infrastructure Partners II (AUD)	6,789
ASI Hark III	6,416
Bonaccord Capital Partners I-A	5,341
Aberdeen Property Secondaries Partners II	1,292
Aberdeen European Residential Opportunities Fund	1,215
Maj Equity 4	374
Agriculture Capital Management Fund II	361
Maj Equity 5	340
Pan-European Infrastructure Fund I	282
Dover Street VII	198
Mesirow Financial Private Equity IV	179
HarbourVest International Private Equity VI	156
HarbourVest VIII Buyout Fund	78
Mesirow Financial Private Equity III	56
HarbourVest International Private Equity V	29
HarbourVest VIII Venture Fund	9
Aberdeen Global Infrastructure Partners II (USD)	3
	74,420

	Undrawn commitments 30 September 2021 £'000
Aberdeen Standard Secondary Opportunities Fund IV	15,004
Andean Social Infrastructure Fund I	11,448
SL Capital Infrastructure II	11,259
Bonaccord Capital Partners I-A	8,915
Healthcare Royalty Partners IV	8,141
ASI Hark III	7,416
Burford Opportunity Fund	6,600
Aberdeen Global Infrastructure Partners II (AUD)	6,315
Aberdeen Property Secondaries Partners II	1,275
Aberdeen European Residential Opportunities Fund	1,190
Maj Equity 5	773
Agriculture Capital Management Fund II	511
Maj Equity 4	398
Pan-European Infrastructure Fund I	276
Dover Street VII	164
HarbourVest International Private Equity VI	153
Mesirow Financial Private Equity IV	148
Mesirow Financial Private Equity III	70
HarbourVest VIII Buyout Fund	65
HarbourVest International Private Equity V	28
HarbourVest VIII Venture Fund	7
Aberdeen Global Infrastructure Partners II (USD)	2
	80,158

23. Subsequent events

Following a review of the expected long-term returns from the investment portfolio of the Company, the Board decided that with effect from 1 October 2022, 50% of investment management fees and finance costs should be allocated to capital and 50% allocated to revenue.

Corporate Information

Investor Information

Pre-investment Disclosure Document ("PIDD")

The AIFMD (see Glossary on page 111) requires the Manager, as the alternative investment fund manager of the Company, 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 AIFMD are published in the Company's Pre-Investment Disclosure Document ("PIDD") which can be found on its website. The periodic disclosures required to be made by the Manager under the AIFMD are set out on page 113.

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 trust shares, purporting to work for abrdn.

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 whether a caller is genuine, do not offer any personal information, end the call and contact the Customer Services Department (see page 125 for contact details).

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

Keeping You Informed

Further information on the Company can be found on its own dedicated website: **aberdeendiversified.co.uk**. This provides access to information on the Company's share price performance, capital structure, stock exchange announcements and a Manager's monthly factsheet. Alternatively you can call **0808 500 0040** (free when dialling from a UK landline) for information.

If you have any questions about the Company, the Manager or performance, please telephone the abrdn Customer Services Department (direct private investors) on **0808 500 0040.**

Alternatively, please send an email to inv.trusts@abrdn.com or write to:

abrdn Investment Trusts
PO Box 11020
Chelmsford,
Essex CM99 2DB

In the event of queries regarding holdings of shares, lost certificates, dividend payments or registered details, shareholders holding their shares in the Company directly should contact the Registrar, Computershare Investor Services PLC (see page 125 for contact details). Calls may be recorded and monitored randomly for security and training purposes. Changes of address must be notified to the Registrar in writing.

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income is £2,000 for the 2022/23 tax year (2021/22 tax year - £2,000). Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will provide registered shareholders with a confirmation of dividends paid by the Company 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 in the Company

Individual 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 investors, shares can be bought directly through the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children.

abrdn Investment Plan for Children

abrdn operates the abrdn 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, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable. Selling costs are £10 + VAT, if applicable. 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 Share Plan

abrdn operates the abrdn 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 simply pay Government Stamp Duty (currently 0.5%) where applicable. Selling costs are £10 + VAT, if applicable. 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 Trusts ISA

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

The annual ISA administration charge is £24 + VAT, if applicable, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

Nominee Accounts and Voting Rights

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

How to Attend and Vote at Company Meetings

Investors who hold their shares in the Company via the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children and 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. Further details of how to attend and vote if you hold your shares via a platform or share plan provider are available at theaic.co.uk/aic/shareholder-voting-consumer-platforms

ISA Transfer

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

Contact Details and Literature Request Service

For information on the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children, including literature and application forms, please contact:

abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Telephone: **0808 500 0040**
(free when dialling from a UK landline.)

Website:
invtrusts.co.uk/en/investmenttrusts/literature-library

Investor Information

Continued

Terms and conditions for the abrdn Share Plan, abrdn Investment Trusts ISA and abrdn Investment Plan for Children can also be found under the literature section of **invtrusts.co.uk.**

There are a number of alternative ways in which you can buy and hold shares in this Company.

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 & Financial Advice Association at **pimfa.co.uk.**

Financial advisers

To find an adviser 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:

Tel: **0800 111 6768** or
at **fca.org.uk/firms/systems-reporting/register/search**
Email: **register@fca.org.uk**

Key Information Document

Investors should be aware that the PRIIPs Regulation requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document ("KID") in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and it may be viewed on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law.

The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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 seeking income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio and who understand and are willing to accept the risks of exposure to investing via a flexible multi-asset approach. 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, and intends to continue to do so for the foreseeable future, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments.

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in 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, 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 108 to 110 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.

Glossary

Abrdn or the Group
A company listed on the London Stock Exchange as abrdn plc.

AIC
The Association of Investment Companies.

AIFMD
The Alternative Investment Fund Managers Directive - the AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds'. It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.

Alternative Performance Measure or APM
An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

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.

Discount
The amount by which the market price per share of an Investment Trust is lower than the Net Asset Value per share. The discount is normally expressed as a percentage of the Net Asset Value per share.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

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

FCA
Financial Conduct Authority.

Gearing
Net gearing is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.

Investment Manager
abrdn Investments Limited (formerly Aberdeen Asset Managers Limited, until 25 November 2022) is a wholly owned subsidiary of abrdn plc and acts as the Company's investment manager. It is authorised and regulated by the FCA.

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

Leverage
For the purposes of the Alternative Investment Fund Managers Directive, 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.

Manager or AFML
abrdn Fund Managers Limited (formerly Aberdeen Standard Fund Managers Limited until 1 August 2022) is a wholly owned subsidiary of abrdn plc and acts as the alternative investment fund manager for the Company. It is authorised and regulated by the FCA.

Net Asset Value or NAV
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 share.

Glossary

Continued

Ongoing Charges
Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the AIC's industry standard method. This includes the Company's share of costs of holdings in investment companies on a look-through basis.

Premium
The amount by which the market price per share of an Investment Trust exceeds the Net Asset Value per share. The premium is normally expressed as a percentage of the Net Asset Value per share.

Price/Earnings Ratio
The ratio is calculated by dividing the market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets
Total Assets as per the balance sheet less current liabilities (before deducting Prior Charges as defined above).

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date the dividend was earned.

AIFMD Disclosures (Unaudited)

The Manager 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 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 December 2022.

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 17 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 the Manager; 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 Secretaries, abrdn Holdings Limited, on request (see page 125 for contact details) and the remuneration disclosures in respect of the Manager's reporting period ended 31 December 2021 is 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	3.50:1	2.50:1
Actual level at 30 September 2021	1.79:1	1.81:1

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 ASFML 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.

Alternative Performance Measures (Unaudited)

Alternative Performance Measures ("APMs") 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-end investment companies.

Net asset value per Ordinary share – debt at fair value

The net asset value per Ordinary share with debt at fair value is calculated as follows:

	As at 30 September 2022 £'000	As at 30 September 2021 £'000
Net asset value attributable	**363,358**	382,118
Add: Amortised cost of 6.25% Bonds 2031	**15,694**	15,664
Less: Market value of 6.25% Bonds 2031	**(16,222)**	(21,233)
	362,830	376,549
Number of Ordinary shares in issue excluding treasury shares	**308,447,314**	309,318,738
Net asset value per share (p)	**117.63**	121.73

Discount to net asset value per Ordinary share – debt at fair value

The discount is the amount by which the Ordinary share price is lower than the net asset value per Ordinary share – debt at fair value, expressed as a percentage of the net asset value – debt at fair value. The Board considers this to be the most appropriate measure of the Company's discount.

		30 September 2022	30 September 2021
Net asset value per Ordinary share (p)	a	**117.63**	121.73
Share price (p)	b	**89.80**	100.00
Discount	(a-b)/a	**23.7%**	17.9%

Dividend cover

Revenue return per Ordinary share divided by dividends declared for the year per Ordinary share expressed as a ratio.

		30 September 2022	30 September 2021
Revenue return per Ordinary share (p)	a	**4.99**	5.14
Dividends declared (p)	b	**5.60**	5.52
Dividend cover	a/b	**0.89**	0.93

Dividend yield

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

		30 September 2022	30 September 2021
Dividend per Ordinary share (p)	a	**5.60**	5.52
Share price (p)	b	**89.80**	100.00
Dividend yield	a/b	**6.2%**	5.5%

Net gearing – debt at par value

Net gearing with debt at par value 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 net amounts due to and from brokers at the period end, in addition to cash and short term deposits.

		30 September 2022	30 September 2021
Borrowings (£'000)	a	**15,694**	15,664
Cash (£'000)	b	**7,179**	7,201
Amounts due to brokers (£'000)	c	**–**	221
Amounts due from brokers (£'000)	d	**1,806**	335
Shareholders' funds (£'000)	e	**363,358**	382,118
Net gearing	(a-b+c-d)/e	**1.8%**	2.2%

Alternative Performance Measures (Unaudited)

Continued

Net gearing – debt at fair value

Net gearing with debt at fair value 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 net amounts due to and from brokers at the year end, in addition to cash and short term deposits per the Statement of Financial Position.

		30 September 2022	30 September 2021
Borrowings (£'000)	a	**16,222**	21,233
Cash (£'000)	b	**7,179**	7,201
Amounts due to brokers (£'000)	c	**–**	221
Amounts due from brokers (£'000)	d	**1,806**	335
Shareholders' funds (£'000)	e	**362,830**	376,549
Net gearing	(a-b+c-d)/e	**2.0%**	3.7%

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 with debt at fair value published throughout the year.

	2022 £	2021 £
Investment management fees	**1,293,000**	1,319,000
Administrative expenses	**930,000**	980,000
Less: non-recurring charges[A]	**(37,000)**	(69,500)
Ongoing charges	**2,186,000**	2,229,500
Average net assets with debt at fair value	**371,257,000**	361,834,000
Ongoing charges ratio (excluding look-through costs)	**0.59%**	0.62%
Look-through costs[B]	**0.82%**	0.83%
Ongoing charges ratio (including look-through costs)	**1.41%**	1.45%

[A] Professional services considered unlikely 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. This can be found within the literature library section of the Company's website: aberdeendiversified.co.uk.

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. NAV and share price total returns are monitored against open-ended and closed-ended competitors, and the Reference Index, respectively.

Year ended 30 September 2022		NAV (debt at par)	NAV (debt at fair value)	Share Price
Opening at 1 October 2021	a	**123.5p**	**121.7p**	**100.0p**
Closing at 30 September 2022	b	**117.8p**	**117.6p**	**89.8p**
Price movements	c=(b/a)-1	**-4.6%**	**-3.4%**	**-10.2%**
Dividend reinvestment[A]	d	**4.4%**	**4.6%**	**5.2%**
Total return	c+d	**-0.2%**	**+1.2%**	**-5.0%**

Year ended 30 September 2021		NAV (debt at par)	NAV (debt at fair value)	Share Price
Opening at 1 October 2020	a	121.7p	113.4p	91.5p
Closing at 30 September 2021	b	123.5p	121.7p	100.0p
Price movements	c=(b/a)-1	1.5%	7.3%	9.3%
Dividend reinvestment[A]	d	4.8%	5.2%	6.3%
Total return	c+d	+6.3%	+12.5%	+15.6%

[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.

General

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aberdeen Diversified Income and Growth Trust plc (the "Company") will be held at 12.30 p.m. on 28 February 2023 at the South Place Hotel, 3 South Place, London, EC2M 2AF, for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the Directors' Report, the Auditor's Report and the audited financial statements for the year ended 30 September 2022.
2. To receive and adopt the Directors' Remuneration Policy for the year ended 30 September 2022.
3. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 30 September 2022.
4. To approve the Company's dividend policy to continue to pay four quarterly interim dividends per year.
5. To re-elect Alistair Mackintosh as a Director of the Company.*
6. To re-elect Trevor Bradley as a Director of the Company.*
7. To re-elect Tom Challenor as a Director of the Company.*
8. To re-elect Anna Troup as a Director of the Company.*
9. To re-elect Davina Walter as a Director of the Company.*
10. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office from the conclusion of the Annual General Meeting of the Company until the conclusion of the next general meeting at which financial statements and reports are laid before the Company.
11. To authorise the Directors to fix the remuneration of the auditor.

Continuation of the Company

12. To approve the continuation of the Company as an investment trust.

Authority to Allot

13. That the Directors be 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 shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £7,703,755 (representing 10% of the total Ordinary share capital of the Company in issue as at the date of notice, excluding treasury shares, or, if less, the number representing 10% of the issued Ordinary share capital of the Company, excluding treasury shares, as of the date of the passing of this resolution) during the period expiring on the date of the next annual general meeting of the Company or on 31 March 2024, whichever is the earlier, but so that this authority, unless previously revoked, varied or renewed, shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares and grant rights in pursuance of such an offer or agreement as if such authority had not expired.

Notice of Annual General Meeting

Continued

To consider and, if thought fit, pass the following resolutions as special resolutions:

Disapplication of Pre-emption Rights

14. That the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority given in accordance with section 551 of the Act by resolution number 13 above as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

    a. during the period expiring on the date of the next annual general meeting of the Company or on 31 March 2024, whichever is earlier, but so that this power shall, unless previously revoked, varied or renewed, enable the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

    b. up to an aggregate nominal amount of £7,703,755 representing 10% of the total Ordinary share capital of the Company in issue, excluding treasury shares, as at the date of this notice, or, if less, the number representing 10% of the issued Ordinary share capital of the Company, excluding treasury shares, as of the date of the passing of this resolution); and

    c. at a price greater than the net asset value per share from time to time (as determined by the Directors and calculated excluding treasury shares).

    This power applies to a sale of treasury shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority given in accordance with section 551 of the Act by resolution number 13 above" were omitted.

Authority to Make Market Purchases of Shares

15. That the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of fully paid Ordinary shares on such terms and in such manner as the Directors from time to time determine, and to cancel or hold in treasury such shares, provided always that:

    a. the maximum number of shares hereby authorised to be purchased shall be an aggregate of 46,191,720 Ordinary shares or, if less, the number representing 14.99% of the Ordinary shares in issue (excluding shares already held in treasury) as at the date of the passing of this resolution;

    b. the minimum price which may be paid for a share shall be 25 pence;

    c. the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of (a) an amount equal to 105% of the average of the middle market quotations for a share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out;

    d. the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 31 March 2024, whichever is earlier, unless such authority is previously revoked, varied or renewed prior to such time; and

    e. the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract or contracts notwithstanding such expiry above.

Authority to Call General Meetings on not less than 14 Clear Days' Notice

16. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

*The biographies of the Directors offering themselves for re-election may be found on pages 44 and 45.

By order of the Board
abrdn Holdings Limited
Company Secretary
20 December 2022

Registered Office
1 George Street
Edinburgh EH2 2LL

Notes

(1) Only those Shareholders registered in the Register at close of business on 24 February 2023 shall be entitled to attend and/or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time (the "specified time"). If the Annual General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and/or vote at the adjourned meeting. If the Annual General Meeting is adjourned for a longer period, the time by which a person must be entered on the Register in order to have the right to attend and/or vote at the adjourned meeting is close of business two days (excluding non-working days) prior to the time of the adjourned meeting. Changes to entries on the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.

(2) Holders of Ordinary shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. If you wish to attend, there will be a members' register to sign on arrival.

(3) As at 20 December 2022 (being the latest practicable day prior to the date of approval of this Report) the Company's issued share capital consisted of 337,751,806 Ordinary shares (29,601,568 of which were held in treasury). Each Ordinary share carries the right to one vote at general meetings. Therefore the total voting rights in the Company at 20 December 2022 were 308,150,238.

(4) A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that if two or more proxies are appointed, each proxy must be appointed to exercise the rights attaching to different shares. A Form of Proxy is enclosed with this Notice. A proxy need not be a Shareholder of the Company. Completion and return of the Form of Proxy will not preclude Shareholders from attending or voting at the Annual General Meeting, if they so wish. Details of how to appoint the Chairman of the Annual General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to the proxy. In the event that a Form of Proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes.

(5) To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power or authority) must be deposited with the Company's Registrar, for this purpose being Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 48 hours (excluding non-working days) before the time fixed for the Annual General Meeting. If you have any queries relating to the completion of the Form of Proxy, please contact Computershare Investor Services on 0330 303 1184 (lines are open 8.30am to 5.30 p.m. Monday to Friday, excluding public holidays). Computershare Investor Services PLC cannot provide advice on the merits of the business to be considered nor give any financial, legal or tax advice. Alternatively, if the Shareholder holds his or her shares in uncertificated form (i.e. in CREST) they may vote using the CREST System (see note (11) below).

(6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office or the address specified in note 5 above before the commencement of the Annual General Meeting or adjourned meeting at which the proxy is used.

(7) Where there are joint holders of any share, any one of such persons may vote at any Meeting, and if more than one of such persons is present at any meeting personally or by proxy, the vote of the senior holder who tenders the vote shall be accepted to the exclusion of the votes of other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the Register.

(8) Any 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 Annual General 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. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the Shareholder who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that Shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interests in the Company (including any administrative matter). The statement of the rights of Shareholders in relation to the appointment of proxies in notes (4) to (7) does not apply to Nominated Persons. The rights described in these notes can only be exercised by Shareholders of the Company.

(9) Any corporation which is a Shareholder may authorise such person as it thinks fit to act as its representative at the Annual General Meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Shareholder (provided, in the case of multiple corporate representatives of the same corporate Shareholder, they are appointed in respect of different shares owned by the corporate Shareholder or, if they are appointed in respect of the same shares, they vote the shares in the same way). To be able to attend and vote at the Annual General Meeting, corporate representatives will be required to produce prior to their entry to the Annual General Meeting evidence satisfactory to the Company of their appointment.

(10) To allow effective constitution of the Annual General Meeting, if it is apparent to the Chairman that no Shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

(11) Notes on CREST Voting. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear UK & Ireland ("Euroclear") website (euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

a. In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent 3RA50 by 12.30 p.m. on 24 February 2023. 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.

b. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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 CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.

c. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's Registrar no later than 12.30 p.m. on 24 February 2023.

(12) The attendance at the Annual General Meeting of Shareholders and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the Annual General Meeting.

(13) Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Form of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

(14) In accordance with Section 311A of the Companies Act 2006, the contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, **aberdeendiversified.co.uk.**

(15) Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a Shareholder attending the Annual General Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

(16) Shareholders should note that it is possible that, pursuant to requests made by Shareholders 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: (a) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit) that are to be laid out before the Annual General Meeting; or (b) any circumstance 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, that the shareholders propose to raise at the Annual General Meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later that the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on the website.

(17) The "Vote Withheld" option on the Form of Proxy is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" a particular resolution.

(18) Participants in the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children are entitled to vote by completing the enclosed Form of Direction and returning it in the accompanying envelope no later than 12.30 p.m. on 21 February 2023.

(19) Physical attendance at the Annual General Meeting may not be possible. If the law, Government guidance or terms and conditions stipulated by the venue for the Annual General Meeting so requires at the time of the meeting, the Chairman will limit, in his or her sole discretion, the number of individuals in physical attendance at the meeting. Notwithstanding this, the Company may still impose entry restrictions on certain persons wishing to attend the meeting in order to ensure the health and safety of those attending. In such circumstances, physical attendance may be limited to two persons as the minimum number required to form a quorum.

The Company strongly encourages Shareholders to appoint the Chairman as their proxy to ensure their votes are registered. Instructions for submitting a proxy are contained in Notes (4) to (7) above.

Shareholders are also encouraged to submit any questions in advance of the Annual General Meeting by email to: **diversified.income@abrdn.com**

Corporate Information

Directors
Davina Walter (Chairman)
Tom Challenor (Senior Independent Director and Audit Committee Chairman)
Trevor Bradley
Alistair Mackintosh
Anna Troup

Company Secretaries & Registered Office
abrdn Holdings Limited (formerly Aberdeen Asset Management PLC, until 25 November 2022)
1 George Street
Edinburgh EH2 2LL

Company Number
Registered in Scotland under Company Number SC003721

Website
aberdeendiversified.co.uk

United States Internal Revenue Service FATCA Registration Number ("GIIN")
E3M4K6.99999.SL.826

Legal Entity Identifier Number ("LEI")
2138003QINEGCHYGW702

Points of Contact
The Chairman or Company Secretaries at the Registered Office of the Company

Twitter: @abrdnTrusts

LinkedIn: abrdn Investment Trusts

Customer Services and enquiries relating to the abrdn Share Plan, abrdn Investment Trusts ISA or abrdn Investment Plan for Children
abrdn Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Freephone: **0808 500 00 40**
Brochure Request Line Freephone: **0808 500 4000**
Lines are open 9.00 a.m. to 5.00 p.m. Monday to Friday, excluding public holidays
Email: **inv.trusts@abrdn.com**

Alternative Investment Fund Manager
abrdn Fund Managers Limited
280 Bishopsgate
London EC2M 4AG

Authorised and regulated by the Financial Conduct Authority

Investment Manager
abrdn Investments Limited (formerly Aberdeen Asset Managers Limited, until 25 November 2022)
1 George Street
Edinburgh EH2 2LL

Authorised and regulated by the Financial Conduct Authority

Registrar (for direct shareholders)
Computershare Investor Services PLC operates a secure online website where shareholdings can be managed quickly and easily, including changing address or arranging to pay dividends directly into a bank account or receive electronic communications:

investorcentre.co.uk

Alternatively, please contact the registrar:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

E-mail is available via the above website
Telephone: **0330 303 1184**
(UK calls cost 10p per minute plus network extras)
Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays

Independent Auditors
PricewaterhouseCoopers LLP

Depositary
The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

Solicitors
Dickson Minto W.S.

Stockbrokers
Stifel Nicolaus Europe Limited

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

abrdn.com