Shires Income PLC

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

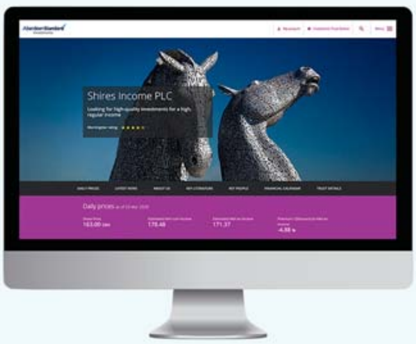
Half Yearly Report
30 September 2020

Investment Objective

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

Benchmark

The Company's benchmark is the FTSE All-Share Index.



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"The backdrop for the stock market in the last six months has been dominated by the COVID-19 pandemic. The fact that the FTSE All-Share Index produced a total return of 7.0% over the six-month period reflects that there has been some equity market recovery from the Company's year end at the end of March, which was hopefully the lowest point the market will fall to as a result of the pandemic."

Robert Talbut, Chairman

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Performance Highlights

Net asset value total return per Ordinary share[A]
Six months ended 30 September 2020
+13.8%
Year ended 31 March 2020 –18.0%

Share price total return per Ordinary share[A]
Six months ended 30 September 2020
+10.1%
Year ended 31 March 2020 –21.2%

Benchmark index total return
Six months ended 30 September 2020
+7.0%
Year ended 31 March 2020 –18.5%

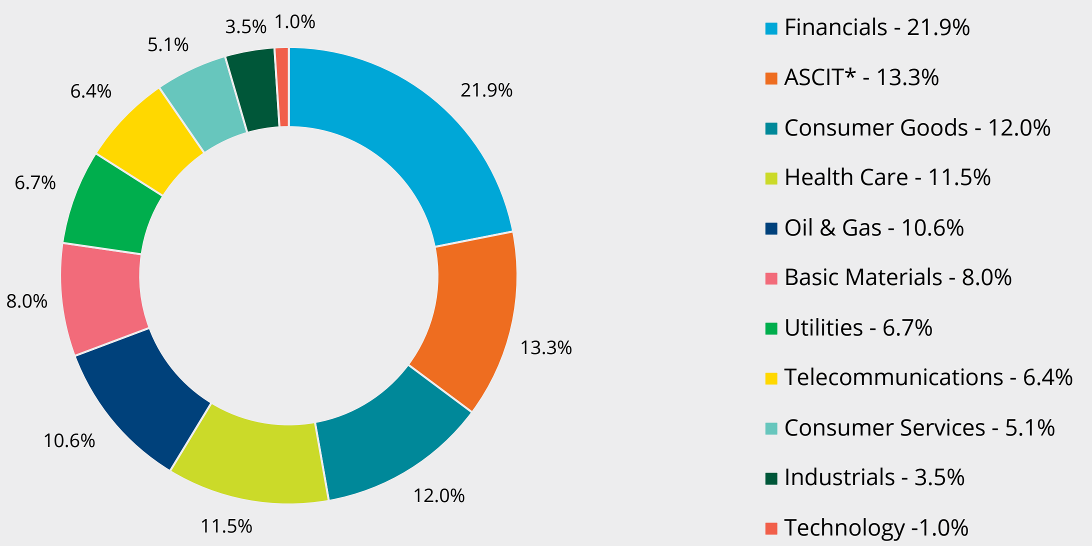
Revenue return per Ordinary share
Six months ended 30 September 2020
6.18p
Six months ended 30 September 2019 7.15p

Dividend yield[A]
As at 30 September 2020
6.2%
As at 31 March 2020 6.6%

Discount to net asset value[A]
As at 30 September 2020
6.6%
As at 31 March 2020 3.3%

[A] Considered to be an Alternative Performance Measure.
An explanation of the Alternative Performance Measures is provided on pages 23 and 24.

Analysis of Listed Equity Portfolio



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

"The Board declares a second interim dividend of 3.0p per share, payable on 29 January 2021 to shareholders on the register at close of business on 8 January 2021."

Robert Talbut, Chairman

Financial Calendar

Expected payment dates of quarterly dividends	23 October 2020 29 January 2021 30 April 2021 30 July 2021
Financial year end	31 March 2021
Expected announcement of results for year ended 31 March 2021	May 2021
Expected date of Annual General Meeting	7 July 2021

Financial Highlights

	30 September 2020	31 March 2020	% change
Total assets (£'000)[A]	89,406	82,862	+7.9
Shareholders' funds (£'000)	70,408	63,864	+10.2
Net asset value per share	228.48p	207.39p	+10.2
Share price (mid-market)	213.50p	200.50p	+6.5
Discount to net asset value (cum-income)[B]	6.6%	3.3%	
Dividend yield[B]	6.2%	6.6%	
Net gearing[B]	20.1%	23.7%	
Ongoing charges ratio[B]	1.06%	0.96%	

[A] Less current liabilities excluding bank loans of £9,000,000.
[B] Considered to be an Alternative Performance Measure. Further details can be found on pages 23 and 24.

Performance (total return)

	Six months ended 30 September 2020	Twelve months ended 30 September 2020	Three years ended 30 September 2020	Five years ended 30 September 2020
Net asset value[A]	+13.8%	–10.9%	–6.0%	+25.7%
Share price[A]	+10.1%	–14.2%	–6.8%	+23.8%
FTSE All-Share Index	+7.0%	–16.6%	–9.3%	+18.6%

[A] Considered to be an Alternative Performance Measure. Further details can be found on page 23.
All figures are for total return and assume reinvestment of net dividends excluding transaction costs.

Chairman's Statement

Market Background

The backdrop for the stock market in the last six months has been dominated by the COVID-19 pandemic. The fact that the FTSE All-Share Index produced a total return of 7.0% over the six-month period reflects that there has been some equity market recovery from the Company's year end at the end of March, which was hopefully the lowest point the market will fall to as a result of the pandemic. Hospitalisations and the loss of life have slowed globally, albeit there are some countries where these are on the increase. This had allowed governments to reduce restrictions on mobility and hence to set economic activity on an upward trend.

However, the number of COVID-19 cases in most countries has increased significantly in the last few months and, as we enter the winter period, further restrictions, although not as severe as earlier in the year, are being implemented in order to try and control the spread of the disease. Approval of at least one vaccine over the next few months remains likely, particularly following the positive trial data recently issued by Pfizer and BioNTech, with good prospects of more vaccines to follow, boosting the chances that there can be a mass immunisation program in the first half of 2021. This will certainly help personal and business confidence and aid economic recovery, but the production and distribution of any vaccine will present significant challenges and it is unlikely to be 100% effective, meaning the world will still need to live with COVID for some time to come and its impact upon the way we live and work.

The effect on economies globally has been an unprecedented recession in terms of its sharpness and depth. In the second quarter of 2020, UK GDP was still 20% below the prior year. While figures for the third quarter will show a strong recovery, albeit one which will now have stalled to some extent by new restrictions as we move into the fourth quarter. Overall however, it is likely that the UK economy will still be around 10% smaller at the end of 2020 than where it started the year. Throughout this period, monetary policy has become even more loose with the likelihood that interest rates will remain negligible for a considerable period into the future. It remains uncertain as to whether the unprecedentedly loose monetary policy will at some stage herald higher inflation.

Most of the talk now is over the future role that fiscal policy can play in supporting recovery, irrespective of the size of government deficits that already exist in the UK and overseas. Notwithstanding this monetary and fiscal largess, we expect it will take a number of years before global economic output returns to pre-COVID levels and there will be significant structural change in the economy. Some sectors and companies will be winners but there will be many losers including some who will never recover to their previous economic state. The real challenge in the UK and elsewhere will be how to sustainably boost economic productivity and underlying growth rates over many years in order to fundamentally address some of the key issues faced by the UK and many other developed economies.

Since the end of March, the market has rewarded companies with resilient and defensive earnings. In the UK, the best performing sectors in 2020 have been technology, materials and consumer staples. More cyclical sectors like energy, financials and industrials have struggled. The timing of the Company's half year means there has been a reversal in market direction since the end of March with a strong rally, but the relative performance of different sectors has remained consistent - investors are understandably cautious and have been avoiding the higher risk sectors that face structural challenge from the pandemic. However, the euphoric equity market reaction to positive news on the vaccine saw a massive spike in unloved "value "sectors. Whilst there has subsequently been some correction to this move, it does highlight that the divergence between "growth" and "value" is at an extreme and even a slight unwinding of this may lead to significant swings towards the very unloved value segments of the market.

Investment Performance

The Company's Net Asset Value ("NAV") outperformed its benchmark, the FTSE All-Share Index over the six-month period ended 30 September 2020, returning 13.8% compared to the benchmark at 7.0%. The equity portfolio returned 7.8% and the preference share portfolio had a strong recovery, delivering a return of 20.0% during the period. The Company also benefited from the use of gearing in a rising market.

The Company's Net Asset Value ("NAV") outperformed its benchmark, the FTSE All-Share Index over the six-month period ended 30 September 2020, returning 13.8% compared to the benchmark at 7.0%.

Within the equity portfolio, the need to deliver a high level of income has created a challenge for investment returns. Typical high yield sectors, such as utilities, telecoms and energy were the worst performing sectors over the period. As such, sector allocation detracted from performance - but this was more than offset by stock selection and the focus on higher quality positions which have continued to benefit performance. We have also seen strong performance from a number of companies heavily exposed to the effects of the virus that have recovered since the lows of March. For example, office provider **IWG** increased in value by 54%, gaming company **GVC** by 69% and oil services company **Wood Group** by 37%. Maintaining these positions despite significant short-term headwinds has helped during a period of equity market recovery.

While the Company has benefited from underweight positions in banks and oil companies, we have still been exposed to some underperforming names. The greatest performance detractors during the period included **John Laing, Equiniti** and **Close Brothers**. Underweight positions in consumer staples and technology also weighed on relative performance, but given the low yield of these sectors they are not natural holdings in a portfolio designed to deliver stable income.

Portfolio Activity

During the period, the Manager initiated new positions in three companies and exited four. The predominant reason for portfolio changes has been to support sustainable income from the portfolio. Re-investment has been into names which are likely to offer more secure dividends, while exits have been from companies where the businesses are more structurally challenged or where there is a reduced prospect of a meaningful dividend.

The first new addition was French oil company **Total**. Although the oil majors face a number of challenges, they remain cash generative at relatively low oil prices. **Total** pays a high yield which is covered with the oil price below $40 per barrel and also has one of the best positions in renewable energy - a position the Manager feels is not reflected in the current valuation. Given the yield premium and better growth prospects than for the UK listed oil companies, the Manager switched some **Royal Dutch Shell** into **Total.**

The next new addition was **LondonMetric Property**, a property company focused on logistics assets across the UK. While many property companies exposed to office or retail space may face an uncertain outlook, demand for high quality logistics space is high due to the increase in online shopping. The company offers an attractive yield and is well managed.

Finally, the Manager initiated a position in **Dechra Pharmaceuticals**. The company develops and manufactures animal pharmaceuticals drugs for use in pets and livestock. It has grown rapidly through organic growth and acquisitions and has a highly defensive position in a growing sector. Although the headline yield is not high, the company has a strong track record of dividend growth.

The Company disposed of its holding in **Unibail Rodamco**, an operator of high-end shopping malls in Europe and the UK. The outlook for the company's assets has deteriorated significantly and with a stretched balance sheet, the Manager saw little prospect for a dividend in the near term. Another company facing structural change and carrying too much debt is **Cineworld**, which the Manager also exited. While the business offered attractive growth and high yield ahead of the virus, the outlook has changed significantly and, with uncertainty around when film studios will release films, it is hard to have clarity on future cash generation from the business. The Company also exited **Abcam.** Although the company has continued to perform well, management have highlighted the need to invest more rapidly over the next few years, meaning the dividend is not likely to be re-instated soon. Finally, the Company exited **St James Place,** which has been a good performer but which the Manager now sees as more fairly valued, with fund flows likely to slow in the second half of 2020.

Investment Income

The revenue earnings per share for the period were 6.18p, which compares to 7.15p for the equivalent period last year.

Within the portfolio, there have been a number of companies that have cut or suspended dividends. In some cases, this is due to regulatory pressure, with the large UK banks such as Standard Chartered and HSBC barred from distributing capital by the PRA. In other cases, the companies face a short-term impact on their cashflow which means suspension of dividends is prudent: **Howden Joinery** and **Mondi** would be examples of this. Finally, some companies have no choice due to a significant change in the outlook, with **Cineworld** an example. Overall, however, income from the portfolio has remained resilient compared to the benchmark and wider market.

Income from the preference shares has been very stable. In this sense, the preference shares have delivered as we would expect, providing a high level of consistent, defensive income through even an extreme cycle. Overall, the income forecast for the current financial year has recovered in recent months as companies resume dividend payments and the Manager makes some adjustments to enhance income. With a healthy level of revenue reserves, the Company remains in a good position to continue delivering a high level of income to shareholders.

Chairman's Statement Continued

Dividends

A first interim dividend of 3.0p per share in respect of the year ending 31 March 2021 was paid on 23 October 2020. The Board declares a second interim dividend of 3.0p per share, payable on 29 January 2021 to shareholders on the register at close of business on 8 January 2021. The current annual rate of dividend is 13.20p per share, representing a dividend yield of 6.2% based on the share price of 213.50p at 30 September 2020.

Subject to unforeseen circumstances, it is proposed to pay a further interim dividend of 3.0p per share prior to the Board deciding on the rate of final dividend at the time of reviewing the full year results.

The Board considers that one of the key attractions of the Company is its high level of income and recognises that, in the current economic environment, there is likely to be a continuing demand for an attractive and reliable level of income. Whilst the Company aims to cover its annual dividend cost with net income, the Board is conscious of the Company's significant revenue reserves, which amounted to 1.1 times the annual dividend cost as at 31 March 2020, hence providing added security on the sustainability of the dividend.

The Board takes the view that, despite the uncertainties over the economic and corporate outlook, the Company is in a relatively good position, with its diversified sources of income and a good level of reserves. Therefore, subject to unforeseen circumstances, it is proposed to pay a further interim dividend of 3.0p per share prior to the Board deciding on the rate of final dividend at the time of reviewing the full year results, also taking into account the general outlook for the economy in 2021 and beyond and the portfolio's investment income and future forecasts at that time.

Gearing

The Company's gearing level (net of cash) was 20.1% as at 30 September 2020 compared to 23.7% as at 31 March 2020. The Company has a £20 million loan facility, of which £19 million was drawn down at the period end. £9 million of this amount is drawn down on a short-term basis through a revolving credit facility and can be repaid without incurring any financial penalties giving the Company considerable flexibility if it were to be required. The facility matures in September 2022.

The Board continually monitors the level of gearing and, although the absolute level may look high relative to some other investment trusts, strategically we take the view that it is deployed notionally into fixed income securities which bring diversification to the Company's total revenue stream and have lower volatility than would be expected from a portfolio invested exclusively in equities. The Board believes that the enhanced balance of assets arising from a combination of fixed income securities and equities allows for an appropriate level of risk within the portfolio in order to achieve the overall investment objective.

Outlook

The outlook over the next six to 12 months remains primarily driven by how the pandemic develops and how governments and economies react. We should expect some continuation of uncertainty and volatility, with the US Presidential election and its aftermath and the UK's exit from the European Union further complicating the outlook. However, the Manager has always tried to invest for the long term so that the Company owns high quality companies that should perform well in most scenarios. As we look further out, the chances of effective vaccines for COVID-19 appear high and we should expect much of the world's economic activity to normalise.

The sharp shock to the global economy has also reset the economic cycle. Prior to the health crisis, many investors were waiting for the next recession. That has now come and there is a chance of a period of sustained recovery and growth as businesses restock, initiate new investment plans, and consumers spend savings that many have been able to build up over the past year. Many businesses have found ways to be more efficient in the last six months and productivity gains should be consolidated. Such a period should also lead to changes in market leadership, with economic growth driven by additional government spending, likely to benefit value and income stocks to a greater degree than has been the case for some time where growth companies have dominated equity market returns. However, it may take some time to get to this environment, and hence more growth-oriented businesses are likely to remain attractive to investors. Overall therefore, the Manager aims to invest in a range of companies that will both survive any short-term volatility and participate as growth resumes, and this should allow the Company to continue to deliver both a high level of income to shareholders combined with the potential for capital growth.

Robert Talbut
Chairman
26 November 2020

Other Matters

Directors' Responsibility Statement

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

- the condensed set of financial statements within the Half Yearly Financial Report has been prepared in accordance with IAS 34 'Interim Financial Reporting'; and

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

Principal and Emerging Risks and Uncertainties

The Board regularly reviews the principal and emerging risks and uncertainties faced by the Company together with the mitigating actions it has established to manage the risks. These are set out within the Strategic Report contained within the Annual Report for the year ended 31 March 2020 and comprise the following risk headings:

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

In particular, the Board is conscious of the continuing impact on the global economy and financial markets caused by the outbreak of the COVID-19 pandemic around the world. The Board is also conscious of the ongoing negotiations regarding the UK's departure from the EU. The Board considers that each of these issues are risks that could have further implications for financial markets and, in the case of COVID-19, the operating environment of the Company.

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

Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances, including in the current market environment caused by the COVID-19 pandemic, are considered to be realisable within a short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants, including the headroom available. The Company has a £20 million loan facility which matures in September 2022. £9 million of this amount is drawn down on a short-term basis through a revolving credit facility and can be repaid without incurring any financial penalties.

Having taken these factors into account, as well as the impact on the Company of the spread of the COVID-19 virus, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board

Robert Talbut
Chairman
26 November 2020

Ten Largest Investments

As at 30 September 2020

Aberdeen Smaller Companies Income Trust

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

British American Tobacco

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

AstraZeneca

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

Chesnara

Chesnara is a consolidator of life assurance assets in the UK, Netherlands and Sweden. The company offers a resilient and attractive dividend yield. Over the long term the company can grow through back book acquisitions.

BHP

BHP is the world's largest mining company, with a focus on mining iron ore and copper as well as an oil production business. A beneficial position on the commodity cost curve allows the company to deliver strong cash generation, supporting an attractive dividend yield.

SSE

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

Prudential

Prudential is an insurance company with substantial operations in the USA and across Asia. Early mover advantage in Asia has provided the company with a number of market-leading positions giving it the opportunity to capitalise on a fast growing market.

National Grid

National Grid is an investor-owned utility company which owns and operates the electricity and gas transmission network in Great Britain and the electricity transmission networks in the North-Eastern United States. The company offers resilient earnings and an attractive dividend yield.

GlaxoSmithKline

GlaxoSmithKline is a research-based pharmaceutical group that also develops, manufactures and markets vaccines, prescription and over the counter medicines as well as health-related consumer products. The company offers a generous dividend yield and is in the process of improving R&D output and maximising the value of its consumer business.

Rio Tinto

Rio Tinto is a leading global mining group that focuses on finding, mining and processing iron ore, copper, diamonds, gold and uranium. The business is highly cash generative and supports an attractive yield. Growth is supported by high demand for its products in emerging markets.

Investment Portfolio – Equities

As at 30 September 2020

Company	Market value £'000	Total portfolio %
Aberdeen Smaller Companies Income Trust	7,988	9.5
AstraZeneca	2,994	3.6
BHP	2,331	2.8
Prudential	2,250	2.7
GlaxoSmithKline	2,233	2.6
British American Tobacco	2,108	2.5
Chesnara	1,760	2.1
SSE	1,688	2.0
National Grid	1,683	2.0
Rio Tinto	1,647	1.9
Ten largest investments	**26,682**	**31.7**
John Laing	1,637	1.9
Unilever	1,571	1.9
Diversified Gas & Oil	1,547	1.8
GVC Holdings	1,512	1.8
BP	1,404	1.7
Telecom Plus	1,402	1.7
Vodafone	1,363	1.6
Assura	1,302	1.5
Novo-Nordisk	1,277	1.5
Diageo	1,235	1.5
Twenty largest investments	**40,932**	**48.6**
Sirius Real Estate	1,134	1.4
Total SE	1,103	1.3
Telenor	1,090	1.3
Royal Dutch Shell 'B'	1,087	1.3
Imperial Brands	991	1.2
M&G	926	1.1
Close Brothers	918	1.1
Direct Line	897	1.1
Energean Oil & Gas	851	1.0
Mondi	790	0.9
Thirty largest investments	**50,719**	**60.3**

Investment Portfolio – Equities Continued

As at 30 September 2020

Company	Market value £'000	Total portfolio %
Standard Chartered	783	0.9
Inchcape	697	0.8
Countryside Properties	636	0.8
Bodycote	633	0.8
Fortum	633	0.8
IWG	624	0.7
Avast	608	0.7
Euromoney Institutional Investor	589	0.7
LondonMetric Property	588	0.7
AXA	524	0.6
Forty largest investments	**57,034**	**67.8**
Howden Joinery	488	0.6
Coca-Cola	413	0.5
Ashmore	384	0.5
Dechra Pharmaceuticals	382	0.4
Equiniti	341	0.4
Wood Group	339	0.4
WH Smith	264	0.3
Associated British Foods	246	0.3
Experian	23	0.0
Total equity investments	**59,914**	**71.2**

Investment Portfolio – Other Investments

As at 30 September 2020

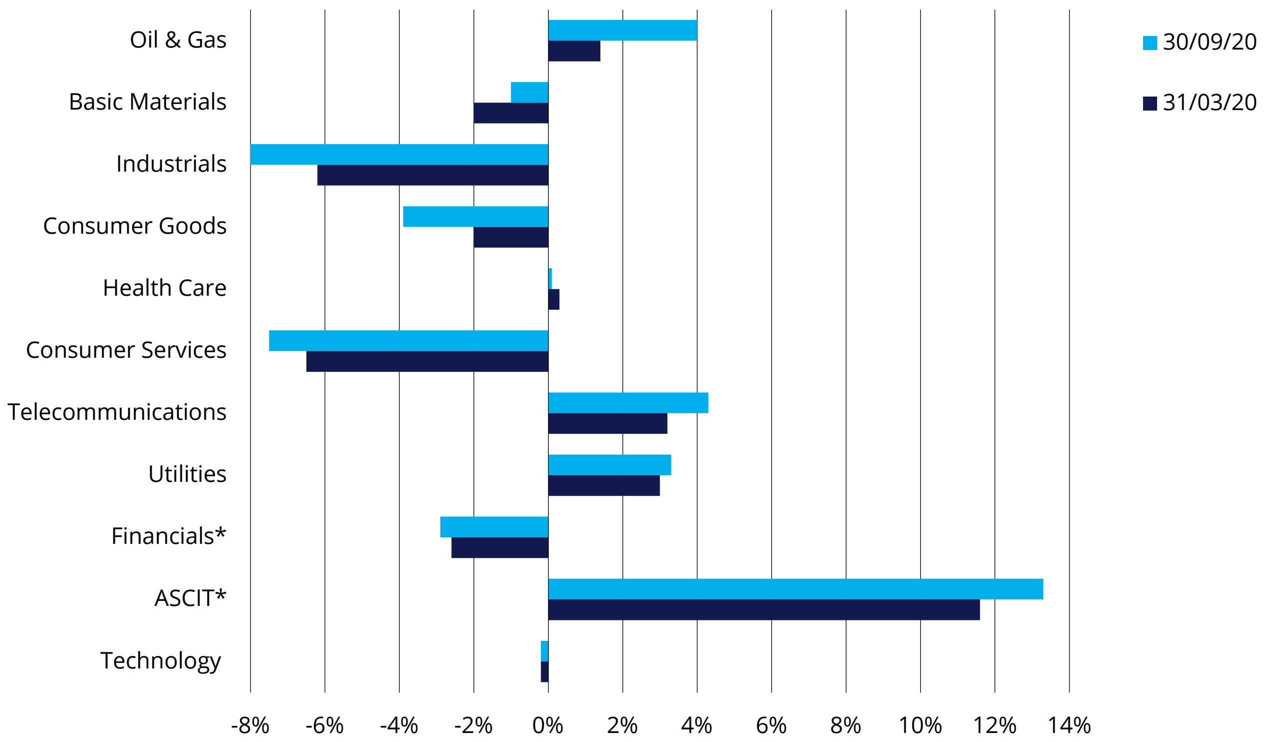
Company	Market value £'000	Total portfolio %
Preference shares[A]		
Ecclesiastical Insurance Office 8 5/8%	6,318	7.5
Royal & Sun Alliance 7 3/8%	5,350	6.3
General Accident 7.875%	4,435	5.3
Santander 10.375%	4,236	5.0
Standard Chartered 8.25%	3,433	4.1
R.E.A. Holdings 9%	471	0.6
Total preference shares	**24,243**	**28.8**
Total equity investments	**59,914**	**71.2**
Total investments	**84,157**	**100.0**

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

Distribution of Assets and Liabilities

	Valuation at 31 March 2020 £'000	%	Movement during the period Purchases £'000	Sales £'000	Gains £'000	Valuation at 30 September 2020 £'000	%
Listed investments							
Equities	57,499	90.0	7,014	(7,694)	3,095	59,914	85.1
Convertibles	490	0.8	–	(500)	10	–	–
Preference shares	20,412	32.0	–	–	3,831	24,243	34.4
Total investments	78,401	122.8	7,014	(8,194)	6,936	84,157	119.5
Current assets	4,744	7.4				5,584	7.9
Current liabilities	(9,283)	(14.5)				(9,335)	(13.2)
Non-current liabilities	(9,998)	(15.7)				(9,998)	(14.2)
Net assets	**63,864**	**100.0**				**70,408**	**100.0**
Net asset value per Ordinary share	**207.39p**					**228.48p**	

Listed Equities Weighting relative to the FTSE All-Share Index



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Investment Case Studies

Diversified Gas & Oil (Sector: Oil & Gas)

The energy sector has been one of the hardest hit by the COVID-19 pandemic, with reduced demand for oil and gas leading to lower prices and weaker earnings. Many companies in the sector have cut dividend payments and, at the end of September, shares in an index of UK energy companies were down over 55%. Yet there are still companies in the sector that have been more resilient. Diversified Gas & Oil is one such company – indeed, it has increased its dividend payments this year and its shares have gone up in value. The company produces gas in the US, using mature wells with low decline rates. The breakeven cost is low and extensive hedging means there is limited exposure to commodity prices. The result is a predictable stream of cashflows and the ability to support a meaningful dividend, with the yield currently at 11%. That dividend is also well covered, making it attractive to investors, and the company has the ability to grow over time as it acquires mature wells from companies with a cash shortfall which are forced to sell off assets at attractive prices.

Countryside Properties (Sector: Consumer Goods)

The UK housebuilding sector can deliver high returns and good cash margins over time. The downside of the sector, however, is a high degree of cyclical volatility linked to rises and falls in house prices. Within the sector, Countryside Properties is particularly attractive as it is weighted to a partnership model, with around three quarters of its houses being constructed under long term agreements with local councils. This provides a high degree of visibility on the order book and insulates the business from changes in the private housing market. At the same time, the shortage of affordable housing in the UK is likely to provide support for demand for a long time to come. Over time, the company will increase the weighting to its partnership business, which should result in a higher quality business with a higher valuation multiple.

Condensed Statement of Comprehensive Income

		30 September 2020 (unaudited)			30 September 2019 (unaudited)			31 March 2020 (audited)		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value		–	6,943	6,943	–	1,843	1,843	–	(17,449)	(17,449)
Currency gains/(losses)		–	7	7	–	(7)	(7)	–	9	9
Investment income										
Dividend income		2,153	–	2,153	2,374	–	2,374	4,428	–	4,428
Interest income		–	–	–	8	–	8	15	–	15
Stock dividends		49	–	49	123	–	123	206	–	206
Traded option premiums		88	–	88	100	–	100	158	–	158
		2,290	6,950	9,240	2,605	1,836	4,441	4,807	(17,440)	(12,633)
Expenses										
Management fee		(92)	(92)	(184)	(104)	(104)	(208)	(206)	(206)	(412)
Administrative expenses		(201)	–	(201)	(211)	–	(211)	(420)	–	(420)
Finance costs		(68)	(67)	(135)	(106)	(106)	(212)	(185)	(185)	(370)
		(361)	(159)	(520)	(421)	(210)	(631)	(811)	(391)	(1,202)
Profit/(loss) before taxation		1,929	6,791	8,720	2,184	1,626	3,810	3,996	(17,831)	(13,835)
Taxation	2	(26)	–	(26)	(11)	–	(11)	(35)	–	(35)
Profit/(loss) attributable to equity holders		**1,903**	**6,791**	**8,694**	**2,173**	**1,626**	**3,799**	**3,961**	**(17,831)**	**(13,870)**
Return per Ordinary share (pence)	4	**6.18**	**22.06**	**28.24**	**7.15**	**5.35**	**12.50**	**12.98**	**(58.42)**	**(45.44)**

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

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

All items in the above statement derive from continuing operations.

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

Condensed Balance Sheet

	Note	As at 30 September 2020 (unaudited) £'000	As at 30 September 2019 (unaudited) £'000	As at 31 March 2020 (audited) £'000
Non-current assets				
Equities		59,914	71,828	57,499
Convertibles		–	520	490
Preference shares		24,243	25,112	20,412
Securities at fair value		84,157	97,460	78,401
Current assets				
Trade and other receivables		–	21	136
Accrued income and prepayments		721	763	817
Cash and cash equivalents		4,863	3,733	3,791
		5,584	4,517	4,744
Creditors: amounts falling due within one year				
Trade and other payables		(335)	(292)	(283)
Short-term borrowings		(9,000)	(9,000)	(9,000)
		(9,335)	(9,292)	(9,283)
Net current liabilities		(3,751)	(4,775)	(4,539)
Total assets less current liabilities		80,406	92,685	73,862
Non-current liabilities				
Long-term borrowings		(9,998)	(9,997)	(9,998)
Net assets		**70,408**	**82,688**	**63,864**
Share capital and reserves				
Called-up share capital	6	15,447	15,312	15,435
Share premium account		21,052	20,446	21,005
Capital reserve	7	27,445	40,111	20,654
Revenue reserve		6,464	6,819	6,770
Equity shareholders' funds		**70,408**	**82,688**	**63,864**
Net asset value per Ordinary share (pence)	5	**228.48**	**270.73**	**207.39**

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

Condensed Statement of Changes in Equity

Six months ended 30 September 2020 (unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2020	15,435	21,005	20,654	6,770	63,864
Issue of Ordinary shares	12	47	–	–	59
Profit for the period	–	–	6,791	1,903	8,694
Equity dividends	–	–	–	(2,209)	(2,209)
As at 30 September 2020	**15,447**	**21,052**	**27,445**	**6,464**	**70,408**

Six months ended 30 September 2019 (unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2019	15,127	19,626	38,485	6,819	80,057
Issue of Ordinary shares	185	820	–	–	1,005
Profit for the period	–	–	1,626	2,173	3,799
Equity dividends	–	–	–	(2,173)	(2,173)
As at 30 September 2019	**15,312**	**20,446**	**40,111**	**6,819**	**82,688**

Year ended 31 March 2020 (audited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2019	15,127	19,626	38,485	6,819	80,057
Issue of Ordinary shares	308	1,379	–	–	1,687
(Loss)/profit for the year	–	–	(17,831)	3,961	(13,870)
Equity dividends	–	–	–	(4,010)	(4,010)
As at 31 March 2020	**15,435**	**21,005**	**20,654**	**6,770**	**63,864**

Condensed Cash Flow Statement

	Six months ended 30 September 2020 (unaudited) £'000	Six months ended 30 September 2019 (unaudited) £'000	Year ended 31 March 2020 (audited) £'000
Net cash inflow from operating activities			
Dividend income received	2,302	2,626	4,643
Interest income received	–	8	16
Options premium received	106	109	162
Management fee paid	(97)	(203)	(413)
Other cash expenses	(189)	(181)	(400)
Cash generated from operations	2,122	2,359	4,008
Interest paid	(136)	(208)	(367)
Loan breakage costs	–	(32)	(32)
Overseas tax paid	(32)	(31)	(59)
Net cash inflows from operating activities	1,954	2,088	3,550
Cash flows from investing activities			
Purchases of investments	(7,069)	(8,114)	(16,722)
Sales of investments	8,330	8,027	16,370
Net cash inflow/(outflow) from investing activities	1,261	(87)	(352)
Cash flows from financing activities			
Equity dividends paid	(2,209)	(2,173)	(4,010)
Issue of Ordinary shares	59	1,005	1,687
Loan arrangement fees	–	(6)	(6)
Net cash outflow from financing activities	(2,150)	(1,174)	(2,329)
Net increase in cash and cash equivalents	**1,065**	**827**	**869**
Reconciliation of net cash flow to movements in cash and cash equivalents			
Increase in cash and cash equivalents as above	1,065	827	869
Net cash and cash equivalents at start of period	3,791	2,913	2,913
Effect of foreign exchange rate changes	7	(7)	9
Cash and cash equivalents at end of period	**4,863**	**3,733**	**3,791**

Non–cash transactions during the period comprised stock dividends of £49,000 (30 September 2019 – £136,000; 31 March 2020 – £219,000).

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Notes to the Financial Statements

1. **Accounting policies – Basis of accounting.** The condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 'Interim Financial Reporting', as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). They have also been prepared using the same accounting policies applied for the year ended 31 March 2020 financial statements, which was prepared in accordance with International Financial Reporting Standards (IFRS) and received an unqualified audit report.

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

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

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

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Revenue	1,903	2,173	3,961
Dividends declared	(1,848)[A]	(1,831)[B]	(4,051)[C]
	55	**342**	**(90)**

[A] Dividends declared relate to first two interim dividends (3.00p each) in respect of the financial year 2020/21.
[B] Dividends declared relate to first two interim dividends (3.00p each) in respect of the financial year 2019/20.
[C] First three interim dividends (3.00p each) and the final dividend (4.20p) declared in respect of the financial year 2019/20.

4. **Returns per Ordinary share**

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Returns are based on the following figures:			
Revenue return	1,903	2,173	3,961
Capital return	6,791	1,626	(17,831)
Total return	**8,694**	**3,799**	**(13,870)**
Weighted average number of Ordinary shares in issue	**30,781,875**	**30,394,580**	**30,521,561**

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

	As at 30 September 2020 (unaudited)	As at 30 September 2019 (unaudited)	As at 31 March 2020 (audited)
Net assets (£'000) per Condensed Balance Sheet	70,408	82,688	63,864
3.5% Cumulative Preference shares of £1 each (£'000)	(50)	(50)	(50)
Attributable net assets (£'000)	**70,358**	**82,638**	**63,814**
Number of Ordinary shares in issue	**30,794,580**	**30,524,580**	**30,769,580**
Net asset value per Ordinary share (p)	**228.48**	**270.73**	**207.39**

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

6. **Called up share capital**

	30 September 2020		30 September 2019		31 March 2020	
	Number	£'000	Number	£'000	Number	£'000
Allotted, called up and fully paid Ordinary shares of 50 pence each:						
Balance brought forward	30,769,580	15,385	30,154,580	15,077	30,154,580	15,077
Ordinary shares issued	25,000	12	370,000	185	615,000	308
Balance carried forward	30,794,580	15,397	30,524,580	15,262	30,769,580	15,385
Allotted, called up and fully paid 3.5% Cumulative Preference shares of £1 each						
Balance brought forward and carried forward	50,000	50	50,000	50	50,000	50
		15,447		15,312		15,435

During the six months ended 30 September 2020 the Company issued 25,000 Ordinary shares of 50p each (six months ended 30 September 2019 – 370,000; year ended 31 March 2020 – 615,000) for proceeds of £59,000 (six months ended 30 September 2019 – £1,005,000; year ended 31 March 2020 – £1,687,000).

7. **Capital reserve.** The capital reserve reflected in the Condensed Balance Sheet at 30 September 2020 includes unrealised gains of £2,742,000 (30 September 2019 – gains of £15,076,000; 31 March 2020 – losses of £6,381,000) which relate to the revaluation of investments held at the reporting date plus realised gains of £24,703,000 (30 September 2019 – £25,035,000: 31 March 2020 – £27,035,000).

Notes to the Financial Statements Continued

8. **Analysis of changes in financial liabilities**

	Six months ended 30 September 2020 £'000	Six months ended 30 September 2019 £'000	Year ended 31 March 2020 £'000
Opening balance at 1 April	(18,998)	(18,998)	(18,998)
Cashflow	(59)	3	(1,684)
Other movements[A]	59	(2)	1,684
Closing balance	**(18,998)**	**(18,997)**	**(18,998)**

[A] The other movements represent the proceeds from the issue of Ordinary shares and the amortisation of the loan arrangement fees.

The Company has an agreement with Scotiabank Europe PLC to provide a loan facility to 20 September 2022 for up to £20,000,000. A £10,000,000 fixed rate loan was drawn down on 20 September 2019 at a rate of 1.706%. This rate is fixed until maturity on 20 September 2022. In addition, at the period end £9,000,000 had been drawn down on a revolving basis at an all-in interest rate of 0.949% maturing on 19 October 2020. At the date of this Report, £9,000,000 was drawn down on a revolving basis at an all-in interest rate of 0.945%.

9. **Transactions with the Manager.** The Company has an agreement with Aberdeen Standard Fund Managers Limited ("ASFML") for the provision of management, secretarial, accounting and administration services and for the carrying out of promotional activities and saving scheme services in relation to the Company.

The management fee is based on 0.45% per annum up to £100 million and 0.40% per annum over £100 million, by reference to the net assets of the Company and including any borrowings up to a maximum of £30 million, and excluding commonly managed funds, calculated monthly and paid quarterly. The fee is allocated 50% to revenue and 50% to capital. The agreement is terminable on not less than six months' notice. The total of the fees paid and payable during the period to 30 September 2020 was £184,000 (30 September 2019 – £208,000; 31 March 2020 – £412,000) and the balance due to ASFML at the period end was £184,000 (30 September 2019 – £104,000; 31 March 2020 – £97,000). The Company held an interest in a commonly managed fund, Aberdeen Smaller Companies Income Trust PLC, in the portfolio during the period to 30 September 2020 (30 September 2019 and 31 March 2020 – same). The value attributable to this holding is excluded from the calculation of the management fee payable by the Company.

The management agreement with ASFML also provides for the provision of promotional activities, which ASFML has delegated to Aberdeen Asset Managers Limited. The total fees paid and payable in relation to promotional activities were £28,000 (30 September 2019 – £26,000; 31 March 2020 – £49,000) and the balance due to ASFML at the period end was £28,000 (30 September 2019 – £13,000; 31 March 2020 – £13,000). The Company's management agreement with ASFML also provides for the provision of company secretarial and administration services to the Company; no separate fee is charged to the Company in respect of these services, which have been delegated to Aberdeen Asset Management PLC.

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

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

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

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

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

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

At 30 September 2020	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	84,157	–	–	84,157
Financial liabilities at fair value through profit or loss					
Derivatives	b)	–	(23)	–	(23)
Net fair value		**84,157**	**(23)**	**–**	**84,134**

At 30 September 2019	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	97,460	–	–	97,460
Financial liabilities at fair value through profit or loss					
Derivatives	b)	–	(65)	–	(65)
Net fair value		**97,460**	**(65)**	**–**	**97,395**

As at 31 March 2020	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	78,401	–	–	78,401
Financial liabilities at fair value through profit or loss					
Derivatives	b)	–	(10)	–	(10)
Net fair value		**78,401**	**(10)**	**–**	**78,391**

Notes to the Financial Statements Continued

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

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

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

12. The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2020 and 30 September 2019 has not been reviewed or audited by the Company's independent auditor.

The information for the year ended 31 March 2020 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the independent auditor on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

13. This Half Yearly Financial Report was approved by the Board on 26 November 2020.

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

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 total return involves a calculation that invests 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 a calculation that invests the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the six months ended 30 September 2020 and 30 September 2019 and assumes reinvestment of net dividends excluding transaction costs (the "Adjustment factor").

30 September 2020	Dividend rate	NAV	Share price
31 March 2020 (a)		207.39p	200.50p
2 April 2020	3.00p	199.79p	188.75p
2 July 2020	4.20p	234.93p	236.00p
30 September 2020 (b)		228.48p	213.50p
Adjustment factor (c)		1.032956	1.033960
30 September 2020 adjusted (d)=(b*c)		236.01p	220.75p
Total return (d/a)		**+13.8%**	**+10.1%**

30 September 2019	Dividend rate	NAV	Share price
31 March 2019 (a)		265.49p	267.00p
4 April 2019	3.00p	265.05p	268.50p
4 July 2019	4.20p	273.51p	278.00p
30 September 2019 (b)		270.73p	263.00p
Adjustment factor (c)		1.026637	1.026478
30 September 2019 adjusted (d)=(b*c)		277.94p	269.96p
Total return (d/a)		**+4.7%**	**+1.1%**

Discount to net asset value per Ordinary share. The discount is the amount by which the share price of 213.50p (31 March 2020 – 200.50p) is lower than the net asset value per share of 228.48p (31 March 2020 – 207.26p), expressed as a percentage of the net asset value.

Dividend yield. The annual dividend of 13.20p per Ordinary share (31 March 2020 – 13.20p) divided by the share price of 213.50p (31 March 2020 – 200.50p), expressed as a percentage.

Net gearing. Net gearing measures the total borrowings of £18,998,000 (31 March 2020 – £18,998,000) less cash and cash equivalents of £4,863,000 (31 March 2020 – £3,872,000) divided by shareholders' funds of £70,458,000 (31 March 2020 – £63,864,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to and by brokers at the period end of £nil (31 March 2020 – due from brokers £81,000) as well as cash and short term deposits of £4,863,000 (31 March 2020 – £3,791,000).

Alternative Performance Measures Continued

Ongoing charges. Ongoing charges is considered to be an alternative performance measure. 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 net asset values throughout the year. The ratio for 30 September 2020 is based on forecast ongoing charges for the year ending 31 March 2021.

	30 September 2020	31 March 2020
Investment management fees (£'000)	367	412
Administrative expenses (£'000)	380	420
Less: non-recurring charges[A] (£'000)	–	(42)
Ongoing charges (£'000)	747	790
Average net assets (£'000)	70,559	81,866
Ongoing charges ratio	**1.06%**	**0.96%**

[A] Comprises professional fees not expected to recur.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which, amongst other things, includes the cost of borrowings and transaction costs.

Investor Information

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

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and BNP Paribas Securities Services, London Branch as its depositary under the AIFMD.

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the Company's AIFM, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company's PIDD which can be found on its website: **shiresincome.co.uk.**

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

Aberdeen Standard Investments has been contacted by investors informing us that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Standard Investments or for third party firms. Aberdeen Standard Investments 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 Aberdeen Standard Investments and any third party making such offers/claims has no link with Aberdeen Standard Investments.

Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

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

Shareholder Enquiries

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

Any general queries about the Company should be directed to the Company Secretary in writing (see Corporate Information) or by email to: **CEFCoSec@aberdeenstandard.com.**

For questions about an investment held through the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan or Investment Trust Individual Savings Account ("ISA"), please telephone the Manager's Customer Services Department on **0808 500 0040**, email **inv.trusts@aberdeenstandard.com** or write to **Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.**

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income for UK investors is £2,000 for the 2020/21 tax year. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan or Investment Trust Individual Savings Account ("ISA"), or through the many broker platforms which offer the opportunity to acquire shares in investment companies.

Aberdeen Standard Investments Children's Plan

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

Investor Information Continued

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

Aberdeen Standard Investments ISA
Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the 2020/21 tax year.

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

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

Nominee Accounts and Voting Rights
All investments in the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

Keeping You Informed
Further information about the Company may be found on its dedicated website: **shiresincome.co.uk.** This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

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

Key Information Document ("KID")
The KID relating to the Company and published by the Manager can be found on the Company's website.

Literature Request Service
For literature and application forms for Aberdeen Standard Investments' investment trust products, please visit: **invtrusts.co.uk,** telephone the Manager's Customer Services Department on **0808 500 4000** or write to **Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.**

Terms and Conditions
Terms and conditions for Aberdeen Standard Investments managed savings products can also be found under the Literature section of the Manager's website at: **invtrusts.co.uk.**

Suitable for Retail/NMPI Status
The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high level of income, together with the potential for growth of both income and capital from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities, and who understand and are willing to accept the risks of exposure to equities.

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

The Company currently conducts its affairs so that the securities issued by the Company can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

Online Dealing

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

Discretionary Private Client Stockbrokers

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

Financial Advisers

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

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: **0800 111 6768**
Visit: **fca.org.uk/firms/financial-services-register**
Email: **consumer.queries@fca.org.uk**

Note

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

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

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

The information on pages 25 to 27 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

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