aberdeen Investments

Shires Income PLC

Annual Report 31 March 2025

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

shiresincome.co.uk

"The share price total return for the year was 22.4%. The Board is pleased to announce an increase of 2.8% in the dividend, to 14.80p per share, providing a yield of 5.8% based on the year end share price."

Robin Archibald, Chairman

"The year to the end of March 2025 was a good one for equity markets globally. The NAV total return for the year was 9.4%."

Iain Pyle, Aberdeen

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If you have sold or otherwise transferred all your Ordinary shares in Shires Income PLC, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Performance Highlights

Net asset value per Ordinary share total return[A]

+9.4%

2024 +5.1%

Share price total return[A]

+22.4%

2024 –5.7%

Benchmark index total return

+10.5%

2024 +8.4%

Earnings per share (revenue)

14.80p

2024 14.75p

Dividends per Ordinary share

14.80p

2024 14.40p

Dividend yield[A]

5.8%

2024 6.5%

Discount to net asset value per Ordinary share[A]

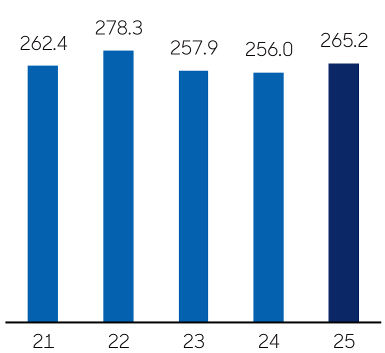
3.7%

2024 13.3%

[A] Alternative Performance Measure (see pages 111 to 113).

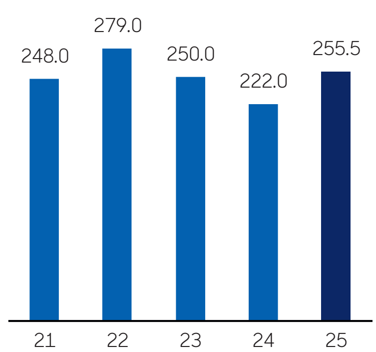
Net asset value per Ordinary share*

At 31 March – pence



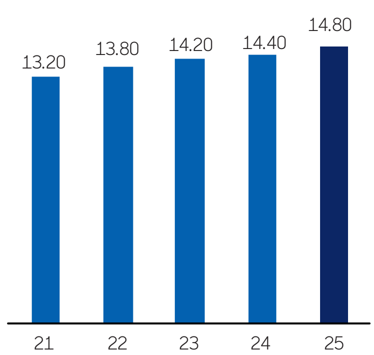
Ordinary share price*

At 31 March – pence



Dividends per Ordinary share

Year ended 31 March – pence



*excludes dividend reinvestment

Financial Calendar and Highlights

Financial Calendar

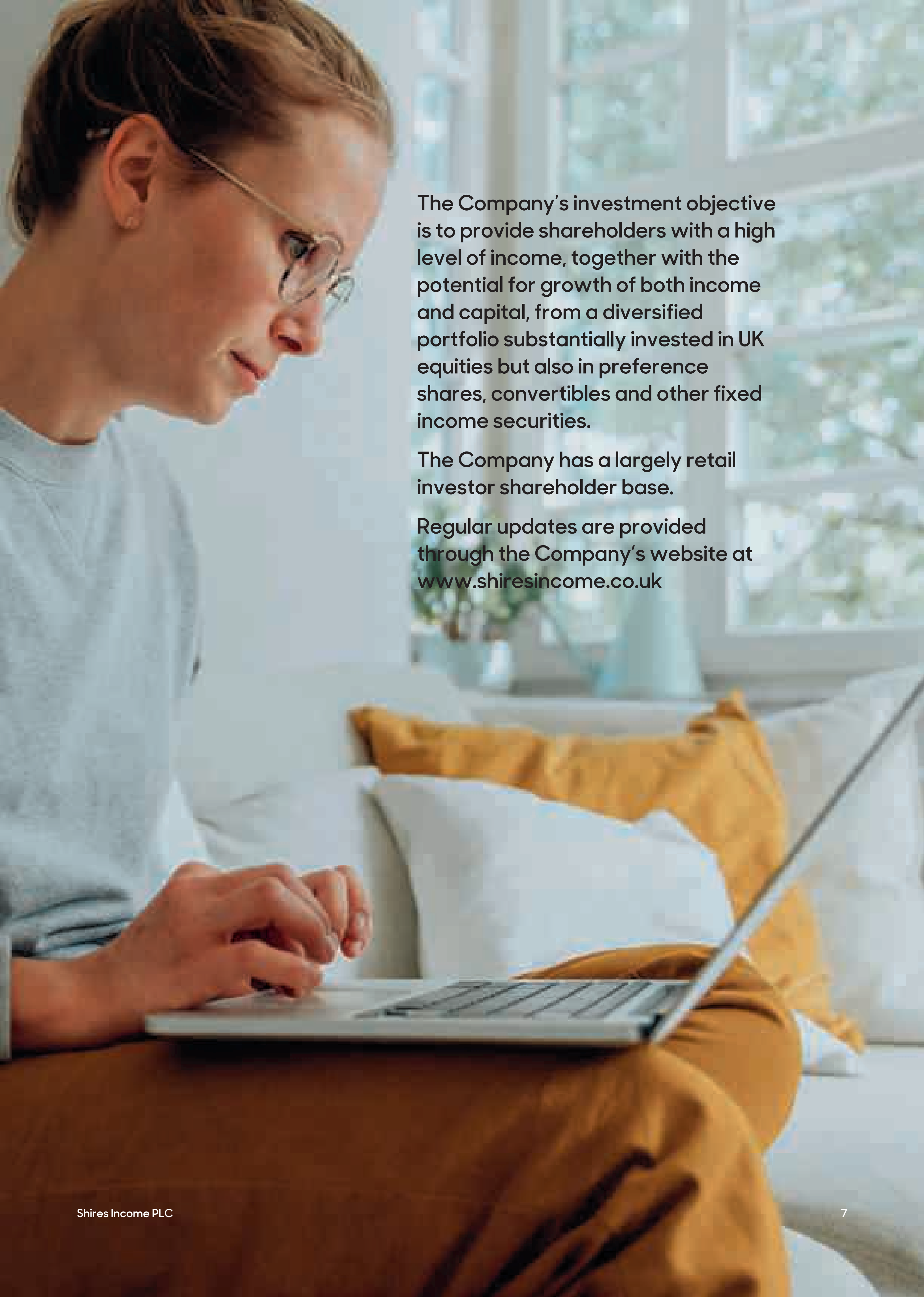
Online Shareholder Presentation	**24 June 2025**
Annual General Meeting	**8 July 2025**
Expected payment dates of quarterly dividends	**31 July 2025** **31 October 2025** **30 January 2026** **30 April 2026**
Half year end	**30 September 2025**
Expected announcement of results for the six months ending 30 September 2025	**November 2025**
Financial year end	**31 March 2026**
Expected announcement of results for year ending 31 March 2026	**May 2026**

Highlights

	31 March 2025	31 March 2024
Total assets (as defined on page 110)	**£125,686,000**	£124,920,000
Shareholders' funds	**£106,711,000**	£105,957,000
Market capitalisation[A]	**£102,748,000**	£91,840,000
Net asset value per Ordinary share (as defined on page 109)[B]	**265.23p**	256.00p
Share price	**255.50p**	222.00p
Discount to NAV (cum-income)[C]	**3.7%**	13.3%
Net gearing[C]	**16.5%**	16.4%
Dividend and earnings		
Revenue return per share[D]	**14.80p**	14.75p
Dividend per share[E]	**14.80p**	14.40p
Dividend cover[C]	**1.00**	1.02
Revenue reserves[F]	**£7,538,000**	£7,388,000
Dividend yield[C]	**5.8%**	6.5%
Operating costs		
Ongoing charges ratio (excluding look-through costs)[C]	**1.00%**	1.09%
Ongoing charges ratio (including look-through costs)[C]	**1.00%**	1.10%

[A] Represents the number of Ordinary shares in issue in the Company multiplied by the Company's share price.
[B] Net asset value per Ordinary share is calculated after the repayment of the capital paid up on Cumulative Preference shares (see note 16 on page 90).
[C] Considered to be an Alternative Performance Measure, as defined on pages 111 to113.
[D] Measures the revenue earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).
[E] The figures for dividend per share reflect the years in which they were earned (see note 9 on pages 84 and 85).
[F] The revenue reserve figure does not take account of payment of the third interim or final dividend amounting to £3,369,000 (2024 – £3,310,000) combined.

Strategic Report



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.

The Company has a largely retail investor shareholder base.

Regular updates are provided through the Company's website at www.shiresincome.co.uk

Chairman's Statement

Highlights

- Increase of 2.8% in the dividend to 14.80p per share, providing a yield of 5.8% based on the year end share price.
- NAV total return of 9.4%.
- Share Price total return of 22.4%, reflecting a narrowing of the Company's discount to 3.7% at the year end, helped by an active use of share buy backs.

Performance

In a positive year for global equity markets, the Company's net asset value ("NAV") total return for the year ended 31 March 2025 was 9.4%. The share price total return was an encouraging 22.4%, reflecting a significant narrowing of the discount at which the share price trades to the NAV, to 3.7%. These returns compare to a total return of 10.5% from the FTSE All-Share Index.

While the performance of the equity portfolio lagged the benchmark return, the Company benefited from its holding of fixed interest securities which delivered a total return of 17.5%. These holdings represent around 20% of the portfolio and are an attractive differentiating factor for the Company. During the year, the Company continued to make use of its ability to invest outside the UK, with 4.8% of the portfolio invested in overseas equities at the financial year end.

More detailed information on performance for the year and investment activity within the portfolio, as well as the investment style adopted for the portfolio, are contained in the Investment Manager's Review.

Earnings and Dividends

The Company's revenue earnings per share for the year were 14.80p (2024: 14.75p). Income from the Company's investments over the year to 31 March 2025 increased by 13.1% from the previous financial year. This was attributable largely to the increased level of income from a larger portfolio of assets, following the Company's combination with abrdn Smaller Companies Income Trust plc ("aSCIT") in December 2023, which resulted in an issue of some 11.3 million new shares.

The changes in allocation of management fees and finance costs which have been charged to revenue and capital in the ratio of 40:60 since 1 April 2024 (previously 50:50) had a positive impact on net revenue earnings. The Company also benefited from the flexibility of having a direct allocation to smaller and mid cap companies and no longer relying on the holding in aSCIT for its exposure to UK small cap investments.

The Company has paid three interim dividends of 3.20p per Ordinary share (2024: 3.20p). Taking account of the revenue outcome for the year and the outlook for the forthcoming year, the Board is pleased to propose a final increased dividend of 5.20p per Ordinary share (2024: 4.80p). The final dividend will be paid on 31 July 2025 to shareholders on the register on 4 July 2025, subject to shareholder approval at the AGM. The final dividend brings total dividends for the year to 14.80p per share, an increase on last year's dividend of 2.8% and ahead of CPI of 2.6% for the 12 months to the end of March 2025. Based on the year end share price of 255.5p, the total dividends equate to a dividend yield of 5.8%, one of the higher yields available from the UK Equity Income Sector and one which the Board believes should be attractive in the current interest rate environment.

With the total dividends for the year covered by earnings, revenue reserves will stand at 70% (2024: 69%) of the current dividend cost, giving a buffer if income were to fall in future periods. The Board believes that sustaining (and growing) dividends is an important feature of the Company and considers not only the annual payout but what reserves (revenue and realised capital) might be deployed in the future to give shareholders an attractive and competitive level of income from a quality portfolio of investments, without sacrificing the potential for capital growth or chasing an unnaturally high yield.

The rate of interim dividend was last adjusted in 2021. The Board is mindful that increases in the overall dividend means that the final dividend has become an increased proportion of the total annual payment. In respect of the year ending 31 March 2026, the Board has therefore decided to increase the rate of each of the next three interim dividends from 3.20p to 3.45p per share to create a more even balance between the rates of the interim and final dividends. The amount of final dividend will continue to be determined once the annual results are known and taking into account the outlook for the next year. In common with other income funds, we encourage investors to consider the reinvestment of dividends as the impact of compounded total return can be significant over time. Irrespective of reinvestment, we hope that an increase in dividends and a balance between the quarterly payments should be well received by those who use the income from the Company as part of their annual financial planning.

Cancellation of Share Premium Account

Following shareholder approval at the Company's AGM on 5 July 2024, the Company received court approval, by way of a court order dated 13 August 2024. for cancellation of the Share Premium Account. The court order was registered at Companies House on 16 August 2024 at which point cancellation of the Share Premium Account became effective. Approximately £50 million previously standing to the credit of the Share Premium Account, and undistributable, has been transferred to a newly created distributable special reserve which is available to fund the cost of share buy backs and future dividend payments, if required.

The Board believes that it is in the Company's interest to have this flexibility in its reserves, although the Board has no current intention of using the new reserve for dividend payments which will continue to be resourced through net revenue and revenue reserves.

Discount and Share Buy Backs

At the end of the Company's financial year in 2024, the discount at which its shares traded to NAV stood at 13.3%. Some of this widening reflected headwinds across the investment trust sector in general and some was a result of dislocation when the Aberdeen share plans moved to Interactive Investor in 2023. The Board was uncomfortable with the Company's rating, which had typically been close to NAV and, having initiated a buyback programme for the first time in the Company's history in 2023, continued modest buybacks in 2024.

In accordance with the share buy-back authority provided by shareholders at the Annual General Meeting, the Company bought back 1.2 million Ordinary shares during the year (2.8% of the issued share capital) at a cost of £2.8 million. This provided an enhancement to NAV of approximately 0.3% for continuing shareholders. All shares bought back are held in treasury.

With an average discount of 10.1% over the financial year, we are pleased to report that, by providing liquidity in the Company's shares described above, whilst also purchasing amounts appropriate to the Company's size, the Company's discount to NAV tightened to 3.7% at the year-end and at the time of writing continues to be below 5%.

The Board will seek renewal of the share buyback authority at the AGM and will continue to buy back shares if it considers it is in the best interests of shareholders to do so.

Gearing

The Company has a £20 million loan facility of which £19 million was drawn down at the year end. Net of cash, this represented gearing of 16.5%, compared to 16.4% at the start of the year. The weighted average borrowing cost at the year-end was 4.9% (31 March 2024: 5.3%) and the gearing provided a positive contribution to performance during the year.

The Board monitors the level of gearing regularly. Strategically, the view is taken that the borrowings are notionally invested in the less volatile fixed income part of the portfolio which generates a higher and more secure level of income, giving the Investment Manager greater scope to invest in a range of equity stocks with lower yields and higher growth prospects. The Board believes that this combination puts the Company in the best position to achieve a high and potentially growing level of dividend and to deliver some capital appreciation for shareholders - as has been the case in the past.

"We are pleased to report that the Company's discount to NAV tightened to 3.7% at the year-end."

Board and Governance

As reflected in the governance statements later in the Annual Report, the Board has functioned well, both in constructive engagement with the Manager and in exploring ways to improve shareholder value. There have been some changes to the ways in which the Board delegates to Board committees and to the individual responsibilities of Board members. These are designed to make this small board as effective as possible, and to utilise the experience on the Board with regards to specific areas of governance and oversight.

The Board and the Company continue to be well-supported by the Manager in terms of portfolio management and administration. The Board has been exploring with the Manager how to engage more directly with private investors, who form a large part of the Company's ownership, to understand better what they want from their investment in the Company, and to encourage investment in the Company's shares. The Board welcomes comments and questions from investors, or prospective investors, which can be posed through the Company Secretary at: **shires.income@aberdeenplc.com**

Chairman's Statement

Continued

Annual General Meeting ("AGM") and Online Shareholder Presentation

The Company's AGM will take place at 12 noon on Tuesday 8 July 2025 at Aberdeen's London office, 18 Bishops Square, London E1 6EG and all shareholders are warmly invited to attend. As well as the formal business of the meeting, the Investment Manager will provide a short presentation on the Company and there will be an opportunity for shareholders to ask questions of the Manager and the Board.

Irrespective of whether you can attend, we encourage all shareholders to complete and return the Proxy Form enclosed with the Annual Report to ensure that your votes are represented at the meeting. If you hold your shares via a platform or through a nominee holding and would like to attend and / or vote at the AGM, then you will need to make arrangements with the administrator of your platform or nominee.

The Notice of the Meeting is contained on pages 116 to 120.

Our Online Shareholder Presentation has been a popular informal forum for shareholders and we are pleased to hold another online presentation on Tuesday 24 June 2025 at 11.00am. The event will feature a chat between the Chairman and Investment Manager and will be followed by a live question and answer session. Full details on how to register for the event can be found on the Company's website at: **shiresincome.co.uk**

Should you be unable to attend the online event, it will be made available on the Company's website shortly afterwards. For those wishing to submit questions in advance, you can do so using the following email address: **shires.income@aberdeenplc.com**

Outlook

We are pleased to report a good performance over this financial year and an increase in the Company's dividend (above CPI). The Company's focus continues to be on delivering a high level of income and capital growth for shareholders. We believe that the Investment Manager is well positioned to achieve this, as has also been the case during some other turbulent market periods in the last decade or so, caused often by exogenous events such as Covid or changing interest rates – or, as now, geopolitical uncertainty. We will continue to use the buy back authority when appropriate if the share price rating falters, to endeavour to offer secondary market liquidity. We would also like to grow the Company by issuing more shares, as we have done in the past, if it is practical and there is demand to do so.

"The Company's focus continues to be on delivering a high level of income and capital growth for shareholders."

We cannot predict how global markets will fare over the coming 12 months. However, with the volatility we have seen, particularly in the US market, the UK may be seen as a more attractive market to invest in than previously. With a high level of income compared to other markets, our UK focus can offer resilient income for investors. This is one of the attractions of investing in a closed-ended company, with modest equity gearing, which can provide above average income for shareholders from a well-diversified portfolio of quality investments.

Robin Archibald
Chairman
28 May 2025

Overview of Strategy

Business Model

The business of the Company is that of an investment company which qualifies as an investment trust for tax purposes. The Directors do not envisage any change in this activity in the foreseeable future.

Benchmark

In assessing its performance, the Company compares its returns with those of the FTSE All-Share Index (total return).

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.

Investment Policy

The Company's investment policy is to invest principally in the ordinary shares of UK quoted companies, and in preference shares, convertibles and other fixed income securities with above average yields. The Company generates income primarily from ordinary shares, preference shares, convertibles and other fixed income securities. It may also use derivatives to enhance income generation.

Gearing

The Directors are responsible for determining the gearing strategy of the Company. Gearing is used with the intention of enhancing long-term returns. It is subject to a maximum equity gearing level of 35% of net assets at the time of drawdown. Any borrowing except in relation to short-term liquidity requirements is used for investment purposes.

Diversification of Risk and Investment Restrictions

In order to ensure adequate diversification, limits are set within the investment policy which the AIFM and Investment Manager must operate. All of these limits are measured at the point of acquisition of investments, unless otherwise stated, as follows:

General Investment Limits

- a maximum of 20% of total assets may be invested in the equity securities of overseas companies;
- a maximum of 7.5% of total assets may be invested in the securities of one company;
- any investment must not represent more than 5% of a quoted investee company's ordinary shares; and
- a maximum of 10% of total assets may be invested directly in AIM holdings.

Limits in Relation to Preference Shares

- a maximum of 7.5% of total assets may be invested in the preference shares of any one company; and
- the Company may not hold more than 10% of any investee company's preference shares.

Limits in Relation to Traded Option Contracts

There are principal guidelines put in place to manage the risks associated with these contracts, including:

- call options written are to be covered by stock;
- put options written are to be covered by net current assets/borrowing facilities;
- call options are not to be written on more than 10% of the equity portfolio; and
- put options are not to be written on more than 10% of the equity portfolio.

There was no option premium income generated during the year ended 31 March 2025.

The Board assesses on a regular basis with the Investment Manager the applicability of these investment limits, the use of gearing and risk diversification, whilst aiming to meet the overall investment objectives of the Company.

In accordance with the Listing Rules, the Company will not make any material change to its published investment policy without the prior approval of the FCA and the approval of its shareholders by ordinary resolution.

Investment Process

The investment process and risk controls employed by the Investment Manager are described on pages 101 to 105.

Overview of Strategy

Continued

Promoting the Success of the Company

The Board's statement on pages 19 to 22 describes how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 and how they have promoted the success of the Company for the benefit of the members as a whole.

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 the progress of the Company in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company, which are considered at each Board meeting, are shown in the table below:

KPI	Description
Performance against benchmark index	The Board measures performance over the medium to long-term, on a total return basis against the benchmark index – the FTSE All-Share Index (total return). The figures for this year and the past three and five years are set out on page 23 and a graph showing performance against the benchmark index over the past five years is shown on page 24.
Share price performance	The Board monitors the performance of the Company's share price on a total return basis. The returns for this year and for the past three and five years are set out on page 23 and a graph showing the share price total return performance against the benchmark index over the past five years is included on page 24.
Premium/discount to NAV	The premium/discount relative to the NAV per share represented by the share price is closely monitored by the Board. A graph showing the history of the premium/discount for the past five years is included on page 24. The Board also monitors trading activity in the Company's shares on a regular basis.
Revenue return per Ordinary share	The Board monitors the Company's net revenue return (earnings per share) as a measure of growth in revenue and revenue cover against dividends paid. The revenue returns per Ordinary share for each of the past ten years are set out on page 26.
Dividend per share	The Board monitors the Company's annual dividends per Ordinary share and the extent to which dividends are covered by current net revenue and revenue reserves. The dividends per share for each of the past ten years are set out on page 26. The Board gives active consideration to growth in the Company's dividend given that this forms part of the Company's investment objective.
Ongoing charges	The Board monitors the Company's operating costs carefully. Ongoing charges for the year and the previous year are disclosed on page 5.

Principal and Emerging Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, changes to that environment and to individual risks. The Board also identifies emerging risks which might impact the Company. The Board has carried out a robust assessment of the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation and has endeavoured to find means of mitigating those risks, wherever practical.

There are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects.

The principal risks and uncertainties faced by the Company are reviewed by the Audit Committee in the form of a risk matrix. The assessment of risks and their mitigation continues to be an area of significant focus for the Audit Committee. The principal risks and uncertainties facing the Company at the current time, together with a description of the mitigating actions the Board has taken, are set out in the table below.

In addition to these risks, the conflicts in Ukraine, the Middle East and other geo-political tensions continue to present exogenous risks as does the recent introduction of trade tariffs and the impact that has on global trade and financial markets.

The most significant direct issue that the Company faced during the year was the increasing discounts to net asset value that have affected the entire investment company sector, including income funds, resulting from selling pressure and lack of investor demand, although this has been partially mitigated by increased use of share buy backs and other capital mechanisms.

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

Description	Mitigating Actions
Strategic objectives and investment policy – a lack of demand for the Company's shares due to its objectives becoming unattractive to investors, or a negative perception of investment trusts, could result in a fall in the value of its shares and a widening of the discount of the share price to its underlying NAV.	The Board formally reviews the Company's objectives and strategies for achieving them on an annual basis, or more regularly if appropriate. The Board is cognisant of the importance of regular communication with shareholders and knowledge of what encourages investment in the Company. Directors attend meetings with shareholders where practical, host the Annual General Meeting as a forum for shareholder contact and regularly discuss shareholder investment behaviour with the Manager, including trends on investment platforms and shareholder themes. The Board reviews shareholder feedback through reports provided by the Manager's Investor Relations team and also receives feedback from the Company's Stockbroker. The Board and Manager keep the level of discount under constant review, as well as changes to the Company's shareholder register. There has been regular review in the last year culminating in the use of share buy backs as appropriate.

Overview of Strategy
Continued

Description	Mitigating Actions
Investment performance – the appointment or continuing appointment of an investment manager with inadequate resources, skills or experience could lead to poor performance of the portfolio when measured against the benchmark.	The Board meets the Manager on a regular basis and keeps investment performance under close review. This includes performance attribution by sector and stock, and liquidity analysis, as well as the degree of diversification in the portfolio and income sustainability through examination of forward income projections. Representatives of the Investment Manager attend all Board meetings and a detailed formal appraisal of the Aberdeen Group is carried out annually by the Management Engagement Committee. The Board sets, and monitors, the investment restrictions and guidelines, and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process, risk management and application of the guidelines. Investment risk within the portfolio is managed in four ways: · Adherence by the Investment Manager to the investment process in order to minimise investments in poor quality companies and/or overpaying for investments. · Diversification of investment - seeking to invest in a wide variety of companies with strong balance sheets and the earnings power to pay increasing dividends. In addition, investments are diversified by sector in order to reduce the risk of a single large exposure. The Company invests mainly in equities and preference shares. · Adherence by the Investment Manager to the investment limits set by the Board (see page 11). · Examination of changes to the portfolio and emerging investment themes, including relative to benchmark constituents and in order to provide income. **Investment in preference shares** The Company has longstanding holdings in a number of preference shares with no fixed redemption dates, as detailed on page 40 (representing 19.0% of the Company's portfolio as at 31 March 2025). The Directors regularly review these investments, which are held primarily to enhance the income generation of the Company. By their nature, their price movements will be subject to a number of factors, including prevailing and changing interest rates, and, in normal market conditions, will tend to respond less to pricing movements in equity markets. Issue sizes of these preference shares are normally relatively small and with associated low secondary market liquidity by comparison with the equity component of the portfolio. The Board also considers the long-term nature of these investments and the impact of any potential changes on the duration of the portfolio and its returns, as well as the sustainability of the dividends paid.

Description	Mitigating Actions
Failure to maintain, and grow the dividend over the longer term – the level of the Company's dividends and future dividend growth will depend on the performance of the underlying portfolio.	The Directors review detailed income forecasts at each Board meeting and discuss the Investment Manager's outlook for dividends. The Company has revenue reserves which it can draw upon should there be a shortfall in revenue returns in a year, and also has the ability to pay dividends from the special reserve created during the year under review and realised capital reserves, but would only resort to this in circumstances where there was an unexpected fall in net income. The Board regularly reviews forward net revenue projections and takes into account revenue reserves in setting quarterly dividend levels.
Share price and shareholder relations – the adoption of an inappropriate marketing strategy, failure to address shareholder concerns or other factors, including the setting of an unattractive strategic investment proposition, changing investor sentiment and investment underperformance, may lead to a decrease in demand for the Company's shares and a widening of the difference between the share price and the NAV per share.	The Board monitors the Company's Ordinary share price relative to the NAV per share and keeps the level of premium or discount at which the Company's shares trade under review. The Board also keeps the investment objective and policy under review and holds an annual strategy meeting where it reviews investor relations reports and updates from the Manager and the Company's Stockbroker. The Directors are updated at each Board meeting on the composition of, and any movements in, the shareholder register, which is retail investor dominated. The Board annually agrees a marketing and communications programme and budget with the Manager, and receives updates regularly on both marketing and investor relations. The Board has a close focus on investor platform activity which has been the dominant change over recent years in how retail investors choose to acquire and hold their shares. This includes contact with the platform operators through the Manager. Where it can, the Board encourages retail investors to vote their shares at general meetings of the Company to ensure that their views are represented.
Gearing – a fall in the value of the Company's investment portfolio could be exacerbated by the impact of gearing. It could also result in a breach of loan covenants and the forced sale of investments.	The Board sets the gearing limits within which the Investment Manager can operate. Gearing levels and compliance with loan covenants are monitored on an ongoing basis by the Manager and at scheduled Board meetings, or between Board meetings if required. In the event of a possible impending covenant breach, appropriate action would be taken to reduce borrowing levels. The financial covenants attached to the Company's borrowings currently provide for significant headroom. The maximum equity gearing level is 35% of net assets at the time of drawdown, which constrains the amount of gearing that can be invested in equities which are more volatile than the fixed interest part of the portfolio. The use of gearing has been an important facilitator of the income returns from the portfolio, particularly in financing the high yield preference share proportion of the portfolio which has historically provided significant dividend income for the Company. The Company's gearing includes a revolving credit facility which can be reduced without any significant financial penalties for early repayment and at relatively short notice.
Accounting and financial reporting – inadequate controls over financial record keeping and forecasting could result in inaccurate financial reporting, the Company being unable to meet its financial obligations or inability to pay a dividend, losses to the Company and impact its ability to continue trading as a going concern.	At each Board meeting, the Directors review management accounts and receive a report from the Administrator, detailing any breaches during the period under review. The Company's annual financial statements are audited. The Audit Committee receives bi-annual compliance and internal reports from the Manager and meets a representative from its Internal Audit team on at least an annual basis and discusses any findings and recommendations relevant to the Company.

Overview of Strategy

Continued

Description	Mitigating Actions
Regulatory – failure to comply with relevant laws and regulations could result in fines, loss of reputation and potentially loss of an advantageous tax regime.	The Board and Manager monitor changes in government policy and legislation which may have an impact on the Company, and the Audit Committee monitors compliance with regulations by reviewing internal control reports from the Manager. There is also a regular review of adherence to governance guidelines that affect investment companies and how the Company is meeting existing or proposed guidelines. The Board is kept aware of proposed changes to laws and regulations, considers the changes and applies them as appropriate, if they are not already being met. The Board and Manager actively lobby UK regulatory bodies when they believe current regulations need reforming. From time to time the Board employs external advisers to advise on specific regulatory and governance matters.
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular, those of the Aberdeen Group) and any control failures and gaps in their systems and services, including in relation to cyber security, could result in a loss or damage to the Company.	The Board receives reports from the Manager on its internal controls and risk management processes and receives assurances from the Manager and all its other significant service providers on at least an annual basis, including on matters relating to operational resilience and cyber security. Written agreements are in place with all third party service providers. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary, through service level agreements, regular meetings and key performance indicators.
The Board – inappropriate Board composition or committee structure, conflicts of interest or an inappropriate remuneration structure could lead to poor oversight and governance of the Company resulting in reputation damage, regulatory fines or censures.	A formal induction process is arranged by the Manager for all new Directors, including details of Board policies and relevant regulations, including procedures for Directors' dealings in the Company's shares. The Board conducts a formal annual review of its performance, and of the Board committees and individual Directors. The Nomination and Remuneration Committee conducts an annual review of the level of Directors' fees and has access to external consultants if required. All Directors are encouraged to attend relevant training courses. The roles and responsibilities of the Board committees are set out on pages 52 and 53. All Directors stand for annual re-appointment by shareholders at the Annual General Meeting.
Exogenous risks such as health, social, financial, economic, climate and geo-political – the financial impact of such risks, associated with the portfolio or the Company itself, could result in losses to the Company.	In common with most commercial operations, exogenous risks over which the Company has no control are always a risk. At any given time, the Company has sufficient cash resources and a highly liquid equity portfolio to meet its operating requirements. The diversified nature of the portfolio and a managed level of gearing both serve to provide a degree of protection in times of market volatility. The financial and economic risks associated with the Company include market risk, liquidity risk and credit risk, all of which the Investment Manager seeks to mitigate. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 18 to the financial statements.

External Agencies

In addition to the services provided to the Company by the Aberdeen Group, the Board has contractually delegated certain services to external service suppliers, including: depositary services (which include the safekeeping of the Company's assets) (BNP Paribas Trust Corporation UK Limited) and share registration services (Equiniti Limited). Each of these services was entered into after full and proper consideration by the Board of the quality and cost of services offered. In addition, day-to-day accounting and administration services are provided, through delegation by the Manager, by the Administrator, BNP Paribas Securities Services.

Promotional Activities

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

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

The Board continues to explore with the Manager ways to support retail investment through platforms and improved communication with the underlying holders, as well as voting participation in general meetings.

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 or environmental matters.

Modern Slavery Act

Due to the nature of the Company's business, being a 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. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Environmental, Social and Governance ("ESG") Matters

The Board is supportive of the Investment Manager's approach to ESG issues, including climate change, and welcomes its active engagement with company management. The Investment Manager's Approach to ESG Matters is included on pages 103 to 105.

Sustainability Disclosure Requirements ("SDR")

In November 2023, the Financial Conduct Authority ("FCA") published its sustainability disclosure requirements and investment labels regime ("SDR") to address concerns about misleading sustainability claims. SDR includes an opt-in labelling regime for sustainable investment products, additional disclosure requirements and restrictions on the use of sustainability terms. It also establishes anti-greenwashing ("AGW") rules. Investment trusts and their managers are in scope of the SDR. Although investment trusts are not directly in scope of the AGW requirements, the rules apply indirectly to them, mostly via obligations imposed on their managers.

Although Environmental, Social and Governance ("ESG") factors are taken into consideration by the Investment Manager as part of its investment analysis, the Company itself does not have an explicit sustainability objective and so under SDR is categorised as "Non-labelled" rather than "Labelled" or "Other".

Overview of Strategy

Continued

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.

Under Listing Rule 11.4.22(R), the Company, as a closed ended investment company, is exempt from complying with the Task Force on Climate-related Financial Disclosures.

The UK Stewardship Code and Proxy Voting

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

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

Board Diversity

The Board's disclosures in relation to its diversity are included on page 51.

Viability Statement

The Board considers the Company, with no fixed life, to be a long-term investment vehicle but, for the purposes of this viability statement, has decided that three years is an appropriate period over which to report, irrespective of any exogenous risks that the Company may face. The Board considers that this period reflects a balance between a longer-term investment horizon, the inherent uncertainties within equity markets and the specifics of a closed-end investment company where its central purpose is different from other listed commercial and industrial companies.

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 13 to 16 and the steps taken to mitigate these risks.
- The ongoing relevance of the Company's investment objective.
- The liquidity of the Company's portfolio. The majority of the portfolio is invested in readily realisable listed securities.
- The level of ongoing expenses. The Company's annual revenue expenses, excluding the cost of the dividend, are expected to continue to be covered by investment income.
- The level of gearing. This is closely monitored and stress testing is carried out by the Manager. The financial covenants attached to the Company's borrowings provide for significant headroom.
- Regulatory or market changes.
- The robustness of the operations of the Company's third party service providers.
- The operation of share buy backs undertaken by the Company.

In making its assessment, the Board has considered that there are other matters that could have an impact on the Company's prospects or viability in the future, including the current geo-political uncertainty associated with the imposition of global tariffs and an escalating trade war between China and the USA, economic shocks, significant stock market volatility, and changes in regulation or investor sentiment, including to income levels.

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

Outlook

The Board's view on the general outlook for the Company can be found in the Chairman's Statement on page 10 whilst the Investment Manager's views on the outlook for the portfolio are included on pages 32 to 33.

On behalf of the Board
Robin Archibald
Chairman
28 May 2025

Promoting the Success of the Company

How the Board Meets its Obligations Under Section 172 of the Companies Act

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

The Purpose of the Company and Role of the Board

The purpose of the Company is to act as an investment 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, at the year end, 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 and provided with 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 and Investment Manager operate at its regular meetings and receives regular reporting and feedback from the other key service providers. The Board is very conscious of the ways it promotes the Company's culture and ensures as part of its regular oversight that the integrity of the Company's affairs is foremost in mind in the way that the activities are managed and promoted. The Board works very closely with the Manager and Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

The Company's main stakeholders have been identified as its shareholders, the Manager/Investment Manager, service providers, investee companies, its debt provider and, more broadly, the investment community.

How the Board Engages with Stakeholders

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

The Board and Manager also continue to consider how best to engage with private investors who invest through platforms, not least to increase voting participation at general meetings of the Company and to try and increase investor demand for diversified income from retail investors.

Promoting the Success of the Company

Continued

Stakeholder	How We Engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly between all shareholders. The Company's shareholder register is retail dominated. The Manager and Company's Stockbroker regularly meet with current and prospective shareholders from the wealth management community to discuss performance. Shareholder feedback is discussed by the Directors at each Board meeting. The Company subscribes to the Manager's investor relations programme in order to maintain communication channels with shareholders. The Board is updated on and responds to developments in the wider investment company sector, which has been instructive in how share buy backs have been applied in the last year or so by the Company. Regular updates are provided to shareholders through the Annual Report, Half-Yearly Report, monthly factsheets, Company announcements, including daily NAV announcements, and through the Company's website, which includes up to date information on the Company. The Company's Annual General Meeting provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. The Board encourages as many shareholders as possible to attend the Company's Annual General Meeting and to provide feedback on the Company. In addition to the Annual General Meeting, there will be an Online Shareholder Presentation again this year following a favourable response in the past to this informal on-line event. The Board welcomes contact with shareholders and has various ways of receiving shareholder questions and responding to them, including through the Company Secretary. During the year, the Investment Manager held meetings with a number of the Company's larger shareholders to update them on the Company and to receive any feedback or concerns. The Board is keen to have increased shareholder voting at general meetings of the Company and reviews ways in which there can be greater communication with the largely retail investor shareholder base.
Manager/Investment Manager	The Investment Manager's Review on pages 27 to 33 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 agreed with the Company, with the oversight of the Board. The Board regularly reviews the Company's performance against its investment objective and undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its shareholders. 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 and Investment Manager at least annually. More details are provided on page 52.
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 Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations, undertaking their responsibilities and providing value for money.

Stakeholder	How We Engage
Investee Companies	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 Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports to the Board on a quarterly basis on stewardship (including voting) issues. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. Aberdeen is a signatory to the UK Stewardship Code. Further details are provided on page 18. The Board monitors investments made and divested and questions the rationale for investment and voting decisions.
Debt Provider	On behalf of the Board, the Manager maintains a positive working relationship with the provider of the Company's loan facility, and provides regular updates to the Board on business activity and compliance with its loan covenants. Gearing is an important component of the Company's capital structure.
Investment Community	The Board and Manager are committed to investing in a responsible manner and the Investment Manager embeds Environmental, Social and Governance ("ESG") considerations into its research and analysis as part of the investment decision-making process. Further details are provided on pages 101 to 105.

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not a new requirement, and is considered during every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 31 March 2025.

Management of the Portfolio

The Investment Manager's Review on pages 27 to 33 details the key investment decisions taken during the year. The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective.

As explained in more detail on page 52, during the year, the Board, through the Management Engagement Committee, decided that the continuing appointment of the Manager was in the best interests of shareholders.

Dividend

Following the payment of the final dividend for the year, of 5.20p per Ordinary share, total dividends for the year will amount to 14.80p per Ordinary share, representing a dividend yield of 5.8% based on the share price of 255.5p at the end of the financial year. This is in accordance with the Company's objective to provide shareholders with a high level of income.

In deciding on the level of dividend for the year, the Board took into account the revenue earnings per Ordinary share for the year, forecast revenues for subsequent years and the level of revenue reserves as well as the impact of share buy backs.

Through meetings with shareholders and feedback from the Manager and the Company's Stockbroker, the Board remains conscious of the importance that shareholders place on the level, and sustainability, of dividends paid by the Company.

Promoting the Success of the Company

Continued

Allocation of Costs

As explained in last year's Annual Report, the Board decided that, with effect from 1 April 2024, management fees and finance costs would be charged 40% to Revenue and 60% to Capital (previously 50% to Revenue and 50% to Capital). Following the completion of the merger of the Company with abrdn Smaller Companies Income Trust PLC in December 2023, the Board considered that this allocation better reflects the expected long-term view of the nature of the future investment returns of the enlarged portfolio and is consistent with the treatment adopted by other UK Equity Income investment trusts. The Board therefore considers that this change is in the best interests of shareholders.

Share Buy Backs

During the year, the Company bought back 1,154,946 Ordinary shares to be held in treasury, providing a small accretion to the NAV per share and a degree of liquidity to the market at times when the discount to the NAV per share had widened in normal market conditions. The Board liaises closely with the Manager and Stockbroker in how buy backs might be applied in light of supply and demand for shares on a retail register such as the Company has. It is the view of the Board that this policy of periodically using buy back powers, but not in a mechanical fashion, is in the interest of all shareholders.

Cancellation of Share Premium Account

Following shareholder approval at the Company's AGM on 5 July 2024, the Company received court approval by way of a court order dated 13 August 2024 for cancellation of the Share Premium Account. The court order was registered at Companies House on 16 August 2024 at which point cancellation of the Share Premium Account became effective. Consequently, the amount of approximately £50 million previously standing to the credit of the Share Premium Account was transferred to a newly created distributable reserve which is available to fund the cost of share buy backs and dividend payments. The Board considers that it is in shareholders' interests for the Company to have this flexibility, although it has no current intention of making use of the new reserve for dividend payments which will continue to be resourced through net revenue and revenue reserves.

Online Shareholder Presentation

As explained in the Chairman's Statement, to encourage and promote interaction and engagement with the Company's shareholders, the Board has again decided to hold an interactive Online Shareholder Presentation which will be held at 11.00am on 24 June 2025. The event will feature a chat between the Chairman and Investment Manager and will be followed by a live question and answer session. The online presentation is being held ahead of the Annual General Meeting in order to allow shareholders to submit their proxy votes prior to the meeting.

On behalf of the Board
Robin Archibald
Chairman
28 May 2025

Performance

Performance (Total Return)

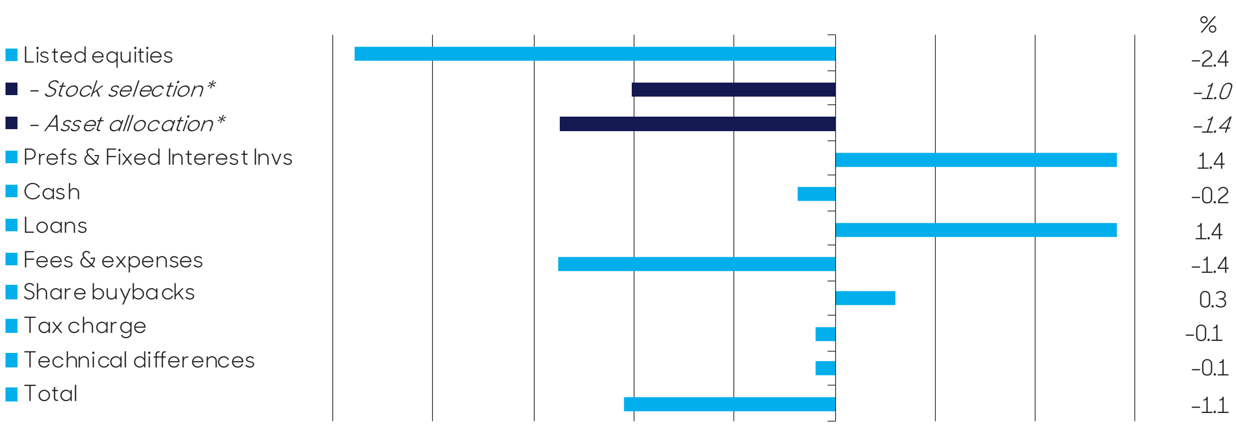
	1 year % return	3 year % return	5 year % return
Net asset value[A]	+9.4	+12.5	+67.8
Share price[A] (based on mid-market)	+22.4	+9.1	+69.6
FTSE All-Share Index	+10.5	+23.3	+76.6

[A] Considered to be an Alternative Performance Measure. See page 113 for further information.
All figures are for total return and assume re-investment of net dividends excluding transaction costs.
Source: Aberdeen plc, Morningstar & Factset

Analysis of Total Return Performance

	%
Total NAV return per share	9.4
Total return on FTSE All-Share Index	10.5
Relative performance of NAV compared to FTSE All-Share Index	**-1.1**

Analysis of Performance for the year relative to the FTSE All-Share Index



The above table shows the composition of the relative performance of the NAV total return compared to the benchmark index. In particular, it shows the contribution from the Listed Equities Portfolio and from the Preference shares. Within the Listed Equites Portfolio, the contributions to relative performance come from exposure to individual stocks (Stock Selection) and sectors (Asset Allocation).

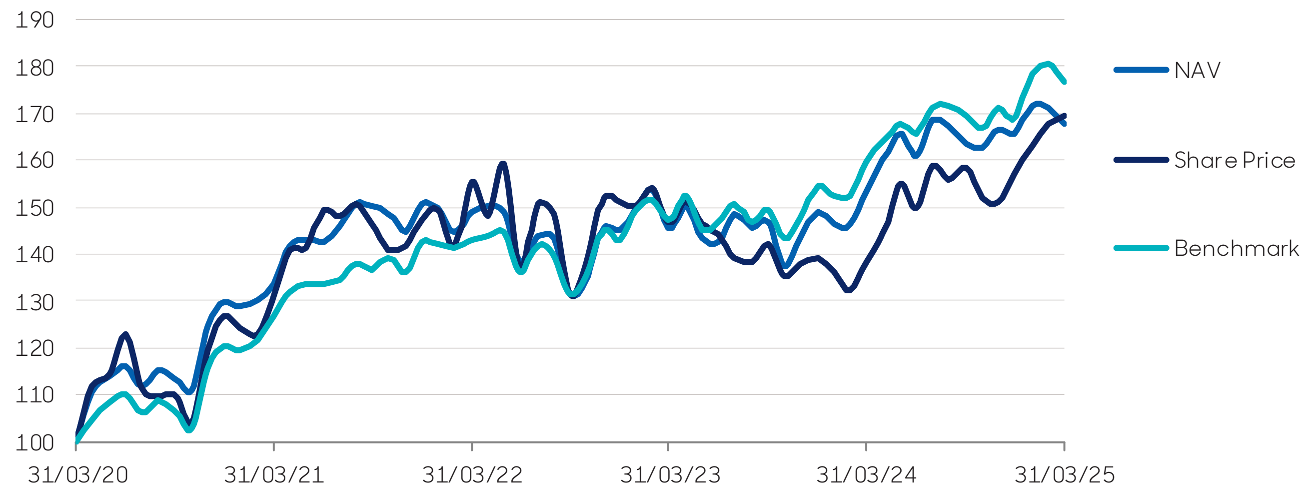
* Further analysis of performance attributable to listed equities.

Performance

Continued

Total Return of NAV and Ordinary Share Price vs FTSE All-Share Index

Five years to 31 March 2025. Figures are total return and have been rebased to 100 at 31 March 2020



Source: Morningstar & Aberdeen

Ordinary Share Price Premium/(Discount) to NAV (cum-income)

Five years to 31 March 2025

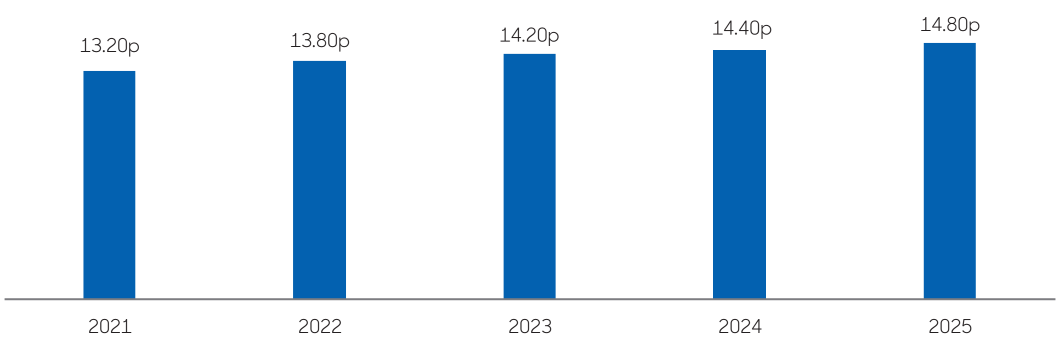
Source: Morningstar & Aberdeen

Dividends

	Rate per share	XD date	Record date	Payment date
First interim dividend	**3.20p**	**3 October 2024**	**4 October 2024**	**31 October 2024**
Second interim dividend	**3.20p**	**2 January 2025**	**3 January 2025**	**31 January 2025**
Third interim dividend	**3.20p**	**3 April 2025**	**4 April 2025**	**30 April 2025**
Proposed final dividend	**5.20p**	**3 July 2025**	**4 July 2025**	**31 July 2025**
2024/25	**14.80p**			
First interim dividend	3.20p	5 October 2023	6 October 2023	27 October 2023
Second interim dividend	3.20p	4 January 2024	5 January 2024	31 January 2024
Third interim dividend	3.20p	4 April 2024	5 April 2024	30 April 2024
Final dividend	4.80p	4 July 2024	5 July 2024	31 July 2024
2023/24	14.40p			

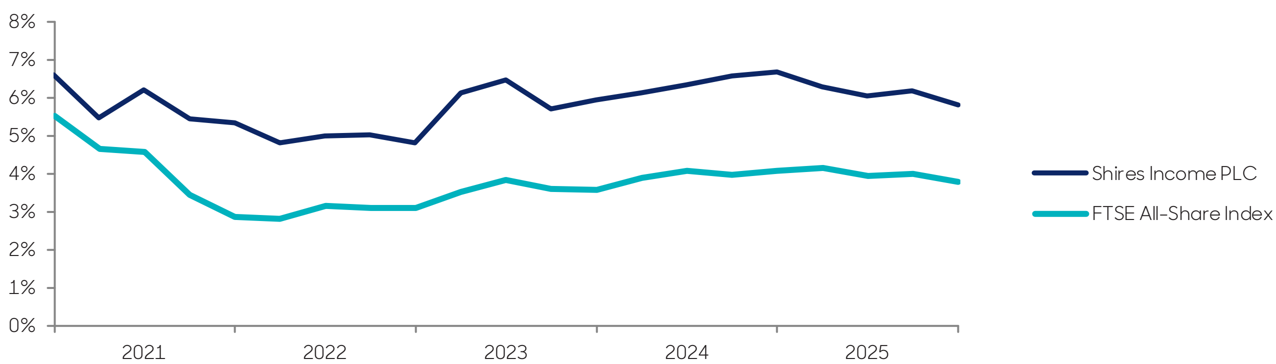
Dividends Per Share

Five years to 31 March 2025



Dividend Yield

Five years to 31 March 2025



Performance

Continued

Ten Year Financial Record

Year to 31 March	2016	2017	2018	2019	2020	2021*	2022*	2023*	2024*	2025*
Revenue available for ordinary dividends (£'000)	3,617	3,925	4,106	3,920	3,961	3,796	4,379	4,584	5,068	**6,097**
Per share (p)										
Net revenue earnings	12.1	13.1	13.7	13.1	13.0	12.3	14.2	14.8	14.8	**14.8**
Net dividends paid/proposed	12.25	12.75	13.00	13.20	13.20	13.20	13.80	14.20	14.40	**14.80**
Net total earnings	(17.8)	54.5	9.4	10.3	(45.4)	68.2	29.5	(6.6)	(4.3)	**23.2**
Net asset value	229.4	271.6	268.2	265.5	207.4	262.4	278.3	257.9	256.0	**265.2**
Share price (mid-market)	202.0	243.3	260.0	267.0	200.5	248.0	279.0	250.0	222.0	**255.5**
Shareholders' funds (£m)	68.8	81.5	80.5	80.1	63.9	80.9	85.8	79.9	106.0	**106.7**

* Net asset value per share is calculated after the repayment of the capital paid up on Cumulative Preference shares (see note 16 on page 90).

Cumulative Performance

Rebased to 100 at 31 March 2015

As at 31 March	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net asset value	100.0	88.4	104.7	103.4	102.3	79.9	101.1	107.3	99.4	98.7	**102.2**
Net asset value total return[A]	100.0	93.0	115.8	119.6	124.4	102.0	136.6	152.1	148.7	156.4	**171.1**
Share price performance	100.0	80.2	96.5	103.2	106.0	79.6	98.4	110.7	99.2	88.1	**101.4**
Share price total return[A]	100.0	84.6	107.8	121.0	130.6	102.9	135.0	159.9	151.1	142.6	**174.5**
Benchmark performance	100.0	92.7	108.9	106.3	108.6	84.8	104.6	114.3	113.5	118.4	**126.2**
Benchmark total return[A]	100.0	96.1	117.2	118.6	126.2	102.9	130.4	147.4	151.7	164.5	**181.7**

[A] Total return figures are based on reinvestment of net income.

Investment Manager's Review

Highlights

- NAV total return of 9.4% over the year ended 31 March 2025, compared to a total return of 10.5% from the FTSE All-Share Index.
- The portfolio slightly lagged the benchmark, as we would expect given the defensive and income focused nature of the portfolio and the weighting to fixed income. However, it delivered the target of positive growth of income and capital in absolute terms.
- Revenue return per share increased to 14.80p per share (2024: 14.75p).

Portfolio Strategy

We take a long term approach to investing, believing that, whilst there might be volatility in the short and even medium term, share prices should ultimately reflect the fundamental value of a company. Consequently, there has been no change to our approach to the construction of the portfolio during the year under review. The Company's investment portfolio is invested in equities, preference shares and other fixed income instruments. At the year end, 81% of the portfolio was invested in equities and 19% was invested in fixed income, roughly in line with the weightings at the end of the prior year.

While the portfolio is primarily focused on UK listed companies, we have the ability to invest up to 20% of the assets in overseas companies, with the aim of improving diversification and finding opportunities not available to investors in the UK market. The limit was increased from 10% to 20% during the year in order to increase flexibility. However, we see valuations in the UK as particularly attractive and it is notable that overseas exposure has actually reduced compared to the prior year. As at the year end we held four overseas companies, making up 4.8% of the portfolio, compared to eight positions and 9.4% at the prior year end.

Equity Market Review

The year to the end of March 2025 was a good one for equity markets globally. The MSCI World index delivered a total return of 7.5%, even though it fell by almost 7% from its highs in the middle of February to the end of March. US markets continued to perform well, with the S&P 500 returning 8.5% over the period, but equity market performance was much more consistent across the world last year than it has been for some time. Europe almost kept pace with a 7.5% return from the MSCI Europe Index and the MSCI Emerging Markets Index also did well, returning 8.6% in US Dollar terms. Notwithstanding the amount of negative press around UK equities, the UK market as measured by the FTSE All-Share Index performed even better, returning 10.5% for the year.

While performance for different equity markets was more balanced over the 12 months, this reflected different winners and losers at different points in the year. For much of the period, the US led the way, with large cap technology stocks such as Nvidia leading the market higher. Continued strong earnings and flows into US index trackers supported share prices, with the election of Donald Trump as President in November giving the US market a push into the calendar year end. However, this reversed in early 2025. Growing concerns over trade policy in the US, combined with high valuations, led to a pullback in US equities. At the same time, the removal of government borrowing restrictions in Germany provided a potential source of stimulus for the European economy, boosting European markets and causing a rotation out of US into European equities. Between January and March, Europe outperformed the US by around 10%. We had been hoping for a broadening out of equity returns away from a concentrated set of companies in the US for some time and the rotation is a welcome, and healthy, development for markets.

"The NAV total return for the year was 9.4%, a strong return. This compares to a total return of 10.5% from the FTSE All-Share Index."

Within the UK market, financial stocks were the stand-out performers, with banks up by 56% and the insurance sector up by 20%. Over the year, interest rates and bond yields remained at high levels, boosting bank returns, while the market has slowly understood the strength of the UK banks hedge position, which helps protect them from falling interest rates over the next few years. The combination of earnings upgrades for the sector and valuations which remain low compared to history has been a powerful combination. Another sector that has performed well has been capital goods, with defence stocks performing well and also UK construction and industrial companies as activity levels have remained robust. The outlook for increased government spending has supported construction companies.

Investment Manager's Review

Continued

The sectors that have lagged the market have been the more cyclical ones. Shares in consumer goods have been weak, reflecting concerns about the UK domestic economy, while materials and energy have also lagged as global growth has slowed, especially in China which drives much of the world's commodity demand. While some sectors have benefitted from higher interest rates, the reverse has also been true for sectors that correlate negatively with yields. Healthcare was up slightly, but lagged the market, while the real estate sector fell 10% over the period.

Investment Performance

The net asset value ("NAV") total return for the year was 9.4%, a strong return. This compares to a total return of 10.5% from the FTSE All-Share Index.

The largest negative impact on performance over the period was the weighting towards smaller companies. Over the long term, small and mid-cap companies in the UK have delivered markedly superior returns to large caps. They are more likely to grow and, in turn, to deliver dividend growth. As an active manager, we see more ability to deliver differentiated returns from small and mid-cap companies, given they are less well analysed and understood by market participants. Furthermore, we have a genuinely size agnostic approach to investing. That means that the portfolio is more likely to have an underweight exposure to large companies and an overweight exposure to small companies compared to the benchmark. However, this weighting towards smaller companies did not work well during the year as returns within the benchmark were heavily skewed towards larger companies. The FTSE 100 Index returned 11.9%, but the mid-cap FTSE 250 Index returned only 1.1%, an unusually wide spread between the two.

Why was this the case? We don't see compelling fundamental reasons – earnings revisions from the FTSE 250 have been comparable to the FTSE 100. But we do see an impact from lower liquidity in the UK market and there is a clear correlation with negative sentiment on the UK and investor caution. The FTSE 250 is slightly more domestically focused and is seen as higher risk by investors. However, it very rarely trades at a valuation discount to the FTSE 100, with the most recent occurrences during the Covid-19 pandemic and immediately following the Brexit vote in 2016, yet it currently trades at an approximate 10% discount on a price to earnings multiple. Smaller companies tend to underperform when UK bond yields rise, as investors are more risk averse, and growth is discounted to a greater extent. Our hope would be that, as interest rates come down and sentiment towards the UK improves, we will see a recovery in UK mid cap stocks.

On an individual stock basis, the top performers included **Morgan Sindall**, which returned 50% as it continued to deliver strong earnings upgrades, benefiting from tightness in the fit-out market and robust construction demand in the UK. **Imperial Brands** (+72%) delivered improved cashflows and was helped by a consistent high level of share buybacks through the year. Banks in general were particularly strong, boosted by higher for longer interest rates and low starting valuations. Within the portfolio, **NatWest** (+83%), **HSBC** (+54%), **Standard Chartered** (+74%), and **OSB** (+30%) all delivered notably positive returns. **Games Workshop** (+46%), was another smaller-cap holding that delivered earnings upgrades and re-rated over the course of the year.

"The weighting towards smaller companies did not work well during the year as returns within the benchmark were heavily skewed towards larger companies."

The greatest detractors from performance this year were companies where there were unexpected, company specific events. **Wood Group** (-79%) fell sharply after announcing an investigation into internal accounting procedures. Two potential bids for the company demonstrated the attractions of the underlying business, but uncertainty and bad timing meant these did not complete, leaving the company in a weak position. We retain a small position in the portfolio and the company remained in discussions with one potential acquirer as at the year end. **Close Brothers** (-33%) also fell as the company dealt with the fall out of an FCA investigation into historical motor finance loans. We see the impact of this as reflected in the price and hope for some relief on an outcome of a recent Supreme Court hearing. **Novo-Nordisk** (-40%) was another detractor, due to increased competition to its GLP-1 weight loss drugs. We have been reducing the holding for some time after a period of strong performance, and the holding has still had a positive contribution to performance over the last five years. **Conduit** (-30%) underperformed due to exposure to the fires in Los Angeles at the start of 2025, while **Melrose Industrials** (-30%) was impacted by concerns over global trade and the pace at which free cashflow is generated.

Gearing and Fixed Income Portfolio

Gearing (net of cash) was stable over the year, moving from 16.4% to 16.5%. The gearing is notionally invested in the portfolio of preference shares and fixed interest securities. At the year end these securities had a value of £23.5 million, materially in excess of net indebtedness which stood at £17.7 million.

The fixed income portfolio delivered a return of 17.5% over the period. Values were helped by the stabilisation of bond yields and by strong underlying performance of the issuing companies which are primarily in the banking and insurance sectors. Although this portion of the portfolio has generally very low turnover, there were some changes during the year. This was largely driven by the tender offer for the RSA preference shares in July 2024. A change of capital rules for insurance companies means that preference shares are less valuable to issuers, making it more attractive for insurers such as RSA to retire them. From our point of view, the tender offer came at attractive terms, with an implied yield of 6% resulting in an uplift in the value of around 10% and pricing the preference shares at a level last seen in a much lower interest rate environment.

We reinvested the proceeds of the RSA tender offer into Nationwide Building Society perpetual debt at a 7.8% yield, thereby delivering an increase in income generation for shareholders alongside the gain in capital value. Overall, this is a positive development, and it sets an encouraging precedent for terms on any future tender offers. So far in 2025 we have also seen Aviva tender to redeem outstanding General Accident preference shares at terms we see as similarly attractive for holders.

Revenue Account

This year marks the first full year post the merger with abrdn Smaller Companies Income Trust PLC at the end of 2023 and, as such, the period reflects greater income generation from a larger portfolio, offset by the higher share count following the completion of the merger. The income generation from the portfolio was resilient through the year, despite an increased use of buybacks by UK companies and the resultant slowing of dividend growth and lower special dividends.

The following table details the Company's main sources of income over the last five years.

	2025 %	2024 %	2023 %	2022 %	2021 %
Ordinary dividends	**77.0**	63.0	62.8	66.5	57.2
Preference dividends	**16.8**	25.7	29.1	26.9	33.2
abrdn Smaller Companies Income Trust	**-**	9.4	6.6	5.2	5.7
Fixed interest and bank interest	**4.9**	1.4	0.2	–	–
Traded option premiums	**-**	0.5	1.3	1.4	3.9
Other income	**1.3**	–	–	–	–
Total	**100.0**	100.0	100.0	100.0	100.0
Total income (£'000s)	**7,296**	6,429	5,673	5,239	4,529

Portfolio Activity

The year under review was an active period for the portfolio. Although we invest for the long term, we always try to remain active, deploying capital to enhance income and to react to market events and changes in valuation. If we feel a company is fairly valued, or if the outlook has deteriorated, we should not be slow to act and to redeploy capital to more attractive opportunities. The impetus to make changes has felt particularly strong this year, with an uncertain and somewhat volatile outlook. With UK equity valuations low and many companies attractively valued, it is sensible to be active and take advantage of opportunities. Looking back to the portfolio at the end of the prior financial year, 21 positions have been exited completely, with 17 new holdings replacing them.

The majority of trading during the year was in response to company specific factors, although the one common driver of trading decisions was the need to protect and enhance income generation. The primary aim of Shires Income is clear: to deliver a high, and over time growing, level of income to shareholders. At a time when we see market levels as relatively high and the importance of income for total return as increasing, many decisions during the year were made to enhance income. Below, we briefly discuss the new positions and portfolio exits in chronological order through the course of the year. While this is extensive, it is hopefully a useful insight into the decisions made on your behalf and how the portfolio is run.

Investment Manager's Review

Continued

In April, we added a new position in construction contractor **Kier Group**. The company has delivered significant balance sheet improvement in recent years and was about to resume paying dividends. We like the company given structurally supportive industry trends, high cash generation and still low valuation, despite a period of outperformance. The free cash flow yield at close to 20% supports dividend growth and continued deleveraging. The shares trade on a 6x price to earnings multiple compared to peers on 9-10x. Another trade was to switch the holding in **Mondi** into **Smurfit Westrock**. This reflected our preference in the paper and packaging sector, and we see greater upside in the medium term from Smurfit Westrock as it delivers on a significant acquisition in the US market, with material self-help potential.

In May we started a new position in **Reckitt Benckiser**. The portfolio has generally had an underweight exposure to the consumer staples sector in recent years, given unattractive valuations, low yields and limited genuine growth. A recent sell-off in the shares offered an opportunity to gain sector exposure at a material discount to the peer group and with a yield over 4.5%. The company has struggled operationally in recent years, but there are signs of a turnaround under new management and the underlying brands remain high quality. We also sold out of IT distributor **SoftCat** in May. This had been in the portfolio for two years and it grew over that time. The shares had re-rated and traded in excess of 25x price to earnings, while the dividend yield had compressed to just 2% at the point of sale. It remains a well-run company with growth potential, but there was more obvious value elsewhere.

We exited one position in June, **Greggs**. The company had performed very well since it was added to the portfolio in November 2023, and we continue to like the business model and the potential for strong medium-term growth as it expands its offering and rolls out more stores. However, with the yield compressed and the shares trading at over 21x earnings, this was another one we saw as more fairly valued.

In July we started a new position in UK reinsurance company **Conduit**. This is a relatively new reinsurance business which is set to deliver earnings growth as its book matures and it benefits from positive market trends. The company has recently demonstrated strong premium growth and improved underwriting profitability. The shares had a 6% dividend yield at the time of purchase and the position helped to diversify the portfolio. At the same time, we sold out of **AXA**. The French insurer had performed very well since purchase, but had no further income this financial year.

In August we sold out of the position in **Lloyds**, again reflecting the timing of dividends and the need to generate income through the year. Capital was reallocated to **NatWest**. Similarly, we switched the holding in **BHP** into **Rio Tinto**, a company with very similar drivers but more near-term income. A more meaningful trade in August was to start a position in Dutch technology company **ASML**. When adding overseas companies to the portfolio, we generally look for something that can't be found in the UK market, and ASML is a prime example of this. The company designs and manufactures the lithography machines essential in the production of today's cutting-edge semiconductors. It has extremely high technical barriers to entry, making products that are essential for one of the highest growth parts of the market and is a genuine diversifier in the portfolio. While it screens as relatively expensive, a recent pullback in its share price means it has de-rated in the last few months and we expect growth to make it look much more reasonably priced a few years from now. We should not forget that the company's end markets are cyclical, but it is one to hold for the long term. The purchase was funded by selling the position in French utility company **Engie**. This had been an excellent performer since its introduction into the portfolio but we had downgraded it and it had no more income this year - time to take profit.

At the other end of the market cap spectrum, we started a new position in **ME Group**. This UK mid-cap company operates automated photo booths and laundromats. A somewhat niche market, but one with high returns on capital and plenty of room for growth as it rolls out the self-service, high capacity, laundry model into Europe and Asia. It is a company that our small-cap team like and is a great example of Aberdeen teams working together to find interesting and differentiated income opportunities. We also started a new position in UK property REIT **London Metric** in August. This is a liquid property company with a high-quality management team and solid performance through the economic cycle. It has an excellent track record of delivering dividend growth and the recent 19% year-on-year increase in dividend takes it to a very attractive 5.9% yield. The purchase was funded by selling the holding in Dutch bank **ING**. Since purchase in April 2023, the holding had delivered a total return of 65%, outperforming the benchmark by 50%. However, with no income in the next six months we again chose to prioritise other ideas. Another overseas exit this month was **Mercedes-Benz**. Again, the driver was a lack of income in the near term but very much combined with some difficult trends in auto markets which made us less optimistic on the near-term prospects for the company.

There was only one meaningful trade in September, switching UK housebuilder **Berkeley Group** into peer **Barratt**. The move came ahead of Barratt going ex-dividend, so we captured some additional income, but the investment primarily reflected the fact that Barratt had lagged the sector following its deal to buy Redrow.

The remaining holding in **GSK** was sold in October. This is our least preferred large-cap pharma company and, while the recent Zantac litigation progress has been positive, this has been offset by some uncertainty on vaccine sales rates.

In November, one new holding was added, French listed **Gaztransport Et Technigaz** ("GTT"), with the position funded by selling **TotalEnergies** to maintain the weight to energy. GTT provides the membrane containment technology to liquefied natural gas ("LNG") carriers, which ship cooled gas between international markets. This is a growing market as LNG import and export capacity expands. The market will require greater tanker capacity and GTT dominates this space with high technological barriers to entry. It has a strong order book, and we expect that, as the tanker fleet ages in the next few years, we will see a growing replacement market, supporting long term cashflows. The company has a strong balance sheet, provides a high return on capital and pays a high dividend yield. This switch also reduces commodity price leverage in the portfolio. Given a mixed outlook for energy demand in 2025, we don't think that is a bad thing.

In December the weight in **Standard Chartered** was reduced, with the capital used to buy back into **ING**. ING was only sold in August, but Standard Chartered outperformed it by 30% in the four months since, and with a defensive mix and high yield it looked attractive. The other notable trade in the month was to exit animal genetics provider **Genus**. While Genus remains a high-quality business with high barriers to entry, underperformance meant it had fallen below our minimum position size, forcing the question of "up or out". With risks to the timing of its disease resistant genetics and low yield we chose to move on.

At the start of January, we started a new position in UK bank **Barclays**. The position was funded by selling down some of the holding in **NatWest** which had performed very well. The move helped to diversify the exposure to UK banks and to increase exposure to capital markets where we saw more potential for positive surprise in 2025. During January we also switched the position in **Aviva** preference shares into the equity. The preference shares deliver a reliable, high yield, but equities generally have better long-term growth prospects. In the case of Aviva, the equity also offered a premium yield to the preference shares and there is an opportunity for the company to extract meaningful synergies from the recent acquisition of Direct Line, resulting in some earnings upgrades. That makes the equity relatively more attractive. The position in Italian utility **Enel** was also sold during the month. The share had risen by approximately 30% since the addition to the portfolio in mid-2023 and we had become less attracted to the company.

During February there were changes to the UK consumer discretionary exposure, with the holding in **Dr. Martens** sold and the proceeds reinvested into **Dunelm**. Although we see good long-term potential from Dr. Martens under new management, the share price had rallied and the shares do not deliver a meaningful income. By contrast, Dunelm had de-rated due to concerns around the UK consumer and remains a high quality, cash generative, retailer. With a special dividend coming up and a business model that continues to win market share through the cycle, we saw it as a better balance of risk and reward in the current environment. The exposure to UK housebuilders was also changed in February, switching from **Barratt Redrow** into **Taylor Wimpey**. The change reflected a materially higher dividend yield from Taylor Wimpey, making it a more attractive way to gain exposure to market improvement for the portfolio. Finally, we also switched holdings in European banks during the month, selling **ING** and buying Italian bank **Intesa Sanpaolo**. Intesa Sanpaolo has a higher dividend yield and its weighting to investment services offers stronger long term growth and better protection for income if interest rates move lower in Europe.

Closing the year, March was an active month for trading. At the start of the month, we sold out of the remaining position in **4Imprint**, reflecting potential headwinds from higher tariffs and slower economic activity in the US. We like the company, but saw it as fairly priced at those levels, with the dividend yield only marginally above the benchmark level. We also started a new position in self-storage provider **Safestore**. The shares have been very weak recently and now offer a yield of over 5%. The shares are trading at a material discount to asset value, providing downside protection. We also sold out of the remaining position in **Novo-Nordisk**. This has been a great holding over recent years but has moved down our order of preference in the healthcare sector as competition has increased and it offers limited yield.

At the end of the month, we switched UK bank exposure back from **NatWest** to **Lloyds**. This provided an income benefit due to dividend timing and there is potential for some near-term catch-up for Lloyds on clarity over investigations into historic motor finance deals. We also bought back into **4Imprint** – an unusually quick turnaround! Since we sold the position, the share price had fallen on US activity concerns and all the reasons we like the company for the long term continue to apply. Having sold the shares 30% higher earlier in the month we were happy to buy them back with concerns more reflected, even if we are likely to see some more tariff turbulence in the short term. The purchase was funded by selling **Games Workshop**. This is a great company, but we consider that the shares are now more reasonably priced having more than doubled since the position was added to the portfolio.

Stewardship

We believe that, as long-term owners of the businesses in which we are invested, it is not sufficient merely to seek out assets that we believe to be undervalued. It is also incumbent upon us to take a proactive approach to our stewardship of these companies. Therefore, we engage extensively with investee companies. We have attended a range of meetings with chairmen, non-executive directors and other stakeholders. Topics covered have included the composition of the board, environmental and social issues, and remuneration. Risk is a very broad subject that is interpreted in varying manners by different companies. However, by engaging on this subject, we secure a deeper understanding of how the boards of investee companies perceive and seek to manage these issues. Such interactions also enable us to push for improved disclosure and better management practices and, on occasion, different decisions where appropriate. We have had conversations regarding companies' financing choices. We find that it is always worthwhile communicating our preference for conservatively structured balance sheets that place a company's long-term fortunes ahead of possible short term share price gains. Such activity is by its nature time consuming, but we regard it as an integral aspect of our role as long term investors.

Consideration of Environmental, Social and Governance ("ESG") factors form an important part of our process. Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, we take these factors into account as part of the investment process. ESG investment is about active engagement with the goal of improving the performance of assets held by the Company. We aim to make the best possible investments for the Company by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the ESG risks and opportunities they present, and how these could affect longer term performance and valuation.

Outlook

The 2025/2026 financial year has certainly started with a high degree of volatility. A very active new US administration has turned global trade relations upside down in recent weeks, causing markets to swing one way or the other depending on the latest statements. As such, by the time we reach our AGM in July any outlook statement may be more redundant than usual!

"UK companies remain cheap on any objective measure and the high level of distributions should prove very attractive to investors at a time when market directions are uncertain."

Despite the short term unpredictability of markets, we are seeing some events happen that have been well flagged. After an almost unprecedented period of market leadership, US equities are struggling this year as concerns build around the strength of the domestic economy and the consumer in particular. While the potential for inflationary tariffs have acted as a catalyst for this, it would be no surprise if we saw a US downturn after such a strong period of growth. At the same time, international markets have held up well, helped by government stimulus in Europe and by much lower starting valuations. Given the extent of US outperformance in the last decade and the still extreme weighting of global equity funds to the US, we consider there is significant runway for this trend to continue. Diversification for all investors should be at the top of the agenda. Any holder of a global index tracker has around 70% of their assets in US large cap companies and April's changes should be a trigger to look closely at that allocation.

Any change in equity allocation should favour UK markets – a small outflow from the US becomes a big inflow if it crosses the Atlantic. UK companies remain cheap on any objective measure and the high level of distributions should prove very attractive to investors at a time when market directions are uncertain. Our focus today is to lean into UK domestic markets and continue to find those companies with resilient cashflows supporting high distributions through the economic cycle. While the portfolio is style agnostic, the opportunities in value stocks remain compelling in our view and we continue to steer in this direction. Low starting values protect the downside in the event of a recession while providing the potential for higher returns in the eventual cyclical upturn - even if great care is needed to avoid the value traps.

An important part of the portfolio positioning remains having an overweight exposure to UK small and mid-cap companies. This has not worked so far in 2025, with rising bond yields at the start of the year acting as a headwind to this part of the market. However, we remain convinced this is the place to be. The fundamentals for UK mid-caps have been robust and there are bargains to be found, with quality companies at very reasonable prices. The expectation is that we will see a faster pace of interest rate cuts from the Bank of England this year, and that will help government finances, allow bond yields to move lower and act as a tailwind. Following the merger with abrdn Smaller Companies Income Trust in 2023 we are able to take more small-cap exposure directly, increasing the allocation to high conviction ideas and maximising income generation from this segment of the market. However, we continue to work closely with our small-cap team to identify opportunities.

A return to international and mid-cap outperformance would also likely benefit active management. While benchmarks and passive index trackers think in terms of market capitalisation, active managers tend to think about the opportunity set as more equally weighted. This matters – in the UK, the large cap FTSE 100 Index makes up over 85% of the FTSE All-Share Index by market-cap, but only 20% of the constituents. There are plenty of opportunities out there for the year ahead. Our focus remains squarely on meeting the income objective and growing income over time, while also preserving capital and maintaining the potential for long term growth.

Iain Pyle
Aberdeen
28 May 2025

Investment Case Studies

Gaztransport Et Technigaz

Gaztransport Et Technigaz ("GTT") is a French listed engineering company. It is a leading provider of the containment systems for the shipping and storage of liquefied natural gas ("LNG"), as well as providing consultancy and technical design services. The company serves a growing market. Demand for LNG is expected to grow by 60% to 2040 and this will require increased tanker capacity. The combination of market growth and the start of a replacement cycle, as the current fleet ages, creates a source of long-term demand growth for the company, while a strong order book supports short term earnings. The Investment Manager sees GTT as having strong pricing power and being very cash generative, supporting an attractive dividend for investors.

Dunelm

Dunelm is a leading UK homewares and furniture retailer selling own-label products. It has 200 stores, while 40% of sales are online. Over time, it has successfully taken market share and delivered increased integration between online and store sales channels, allowing for growth while protecting margins. The price point, which is competitive with peers, protects the business in a cyclical sector and it screens as a notably high quality company in the UK market, with higher return on capital and a strong financial position and track record of cash generation.

Portfolio

Ten Largest Investments

As at 31 March 2025

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.

HSBC Holdings

HSBC Holdings provides a variety of international banking and financial services. It operates worldwide but has particular strength in the Hong Kong and UK markets.

Shell

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

Morgan Sindall

Morgan Sindall operates a construction and regeneration group. The group's five specialist and complementary divisions provide office design, fitting out, refurbishment, building contracting, property investment, and related specialist services.

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 Northeastern United States. The company offers resilient earnings and an attractive dividend yield.

Diversified Energy

Diversified Energy is an energy company focused on natural gas and liquids production, transport, marketing and well refinement. Its assets are primarily located within the Appalachian and Central regions of the United States.

Rio Tinto

Rio Tinto operates as a diversified mining company. The company focuses on production of iron ore, predominantly from Australia.

Imperial Brands

Imperial Brands is a fast-moving consumer goods company. The company operates through two businesses: Tobacco & NGP and Distribution.

Energean

Energean is a gas producer with operations focused in the Eastern Mediterranean region. It has developed the Karish project offshore Israel ,has assets in Egypt and Italy and is developing a carbon capture and storage project offshore Greece.

Assura

Assura is a UK-based diversified healthcare real estate investment trust. The company develops, invests in and manages a portfolio of healthcare buildings across the UK and Ireland.

Investment Portfolio – Equities

As at 31 March 2025

Company	FTSE All-Share Index Sector	Valuation 2025 £'000	Total portfolio %	Valuation 2024 £'000
AstraZeneca	Pharmaceuticals and Biotechnology	4,914	4.0	5,440
HSBC Holdings	Banks	4,910	4.0	3,232
Shell	Oil, Gas and Coal	4,854	3.9	4,674
Morgan Sindall	Construction and Materials	3,660	3.0	3,642
National Grid	Gas, Water and Multiutilities	3,184	2.6	2,283
Diversified Energy	Oil, Gas and Coal	2,790	2.3	2,292
Rio Tinto	Industrial, Metals and Mining	2,741	2.2	2,637
Imperial Brands	Tobacco	2,725	2.2	1,362
Energean	Oil, Gas and Coal	2,662	2.1	3,333
Assura	Real Estate Investment Trusts	2,597	2.1	1,487
Ten largest investments		**35,037**	**28.4**	
Telecom Plus	Telecommunications Service Providers	2,545	2.1	2,161
SSE	Electricity	2,517	2.0	2,265
Chesnara	Life Insurance	2,494	2.0	2,399
Lloyds Banking	Banks	2,460	2.0	1,779
Taylor Wimpey	Construction and Materials	2,430	2.0	–
Aviva	Non-life Insurance	2,411	2.0	–
Standard Chartered	Banks	2,404	1.9	1,771
M&G	Investment Banking and Brokerage Services	2,394	1.9	1,723
Intermediate Capital Group	Investment Banking and Brokerage Services	2,310	1.9	3,234
Balfour Beatty	Construction and Materials	2,212	1.8	1,780
Twenty largest investments		**59,214**	**48.0**	
Inchcape	Industrial Support Services	2,152	1.7	2,931
Reckitt Benckiser Group	Personal Care Drug and Grocery Stores	2,097	1.7	–
BP	Oil, Gas and Coal	2,036	1.6	3,281
Barclays	Banks	1,993	1.6	–
Safestore	Real Estate Investment Trusts	1,949	1.6	–
Anglo American	Industrial, Metals and Mining	1,940	1.6	2,384
Sirius Real Estate	Real Estate Investment Trusts	1,726	1.4	1,991
Melrose Industrials	General Industrials	1,710	1.4	1,614
MONY Group	Software and Computer Services	1,704	1.4	–
Intesa Sanpaolo	Banks	1,675	1.4	–
Thirty largest investments		**78,196**	**63.4**	

As at 31 March 2025

Company	FTSE All-Share Index Sector	Valuation 2025 £'000	Total portfolio %	Valuation 2024 £'000
Kier	Construction and Materials	1,673	1.4	–
Drax	Electricity	1,505	1.2	809
Gaztransport Et Technigaz	Oil, Gas and Coal	1,338	1.1	–
Convatec	Health Care Equipment and Services	1,263	1.0	1,563
LondonMetric	Real Estate Investment Trusts	1,194	1.0	–
ASML Holdings	Technology Hardware and Equipment	1,180	1.0	–
OSB	Finance and Credit Services	1,177	1.0	1,035
4Imprint Group	Media	1,170	0.9	2,637
Hollywood Bowl	Travel and Leisure	1,128	0.9	2,334
Hunting	Oil Equipment Services and Distribution	1,125	0.9	1,410
Forty largest investments		**90,949**	**73.8**	
Bodycote	Industrial Metals and Mining	1,108	0.9	627
ME Group	Leisure Goods	1,033	0.8	–
Dunelm	General Retailers	950	0.8	–
Serica Energy	Oil, Gas and Coal	946	0.8	–
Conduit Holdings	Non-life Insurance	910	0.7	–
IP Group	Investment Banking and Brokerage Services	832	0.7	975
RS Group	Industrial Support Services	815	0.7	–
Smurfit Westrock	General Industrials	774	0.6	–
Ashmore	Investment Banking and Brokerage Services	666	0.5	875
Close Brothers	Banks	479	0.4	721
Fifty largest investments		**99,462**	**80.7**	
Wood Group	Oil Equipment Services and Distribution	408	0.3	781
Total equity investments		**99,870**	**81.0**	

Investment Portfolio – Other Investments

As at 31 March 2025

Company	Valuation 2025 £'000	Total portfolio %	Valuation 2024 £'000
Preference shares and Fixed Interest investments[A]			
Ecclesiastical Insurance Office 8 5/8%	**6,241**	5.1	5,837
Nationwide 10.25%	**4,966**	4.0	–
Santander 10.375%	**4,771**	3.9	4,244
Standard Chartered 8.25%	**3,474**	2.8	3,197
General Accident 7.875%	**2,028**	1.6	4,116
Lloyds Bank 11.75%	**990**	0.8	960
R.E.A. Holdings 9%	**717**	0.6	686
Standard Chartered 7.375%	**286**	0.2	256
Total Preference shares and fixed interest investments	**23,473**	19.0	
Total Investments	**123,343**	100.0	

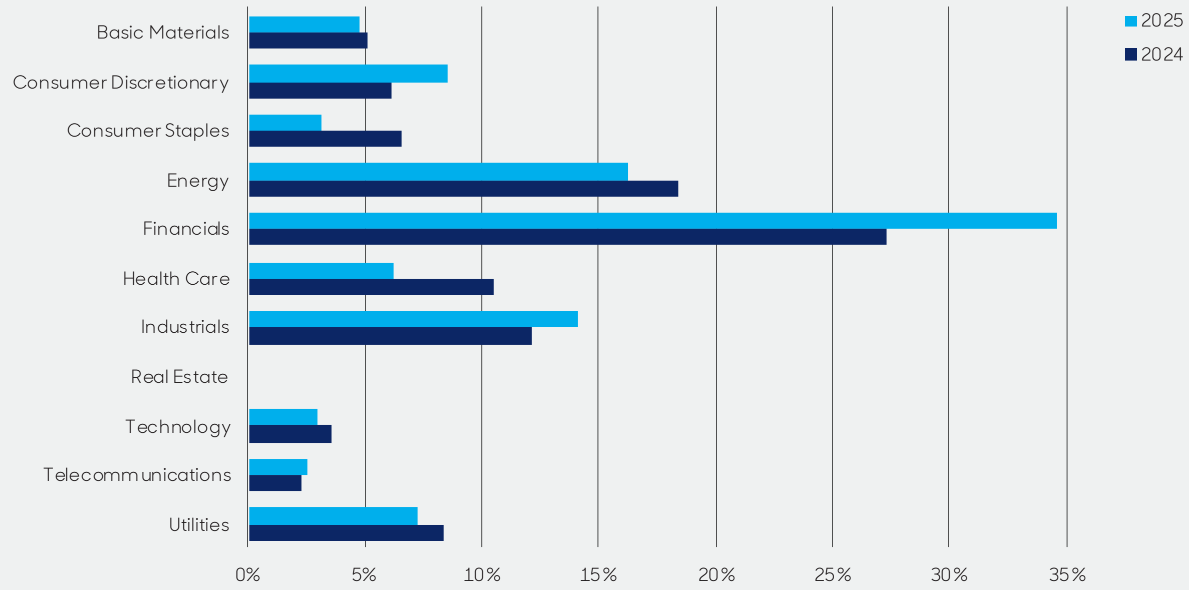
[A] None of the preference shares and fixed interest investments listed above have a fixed redemption date.

Distribution of Assets and Liabilities

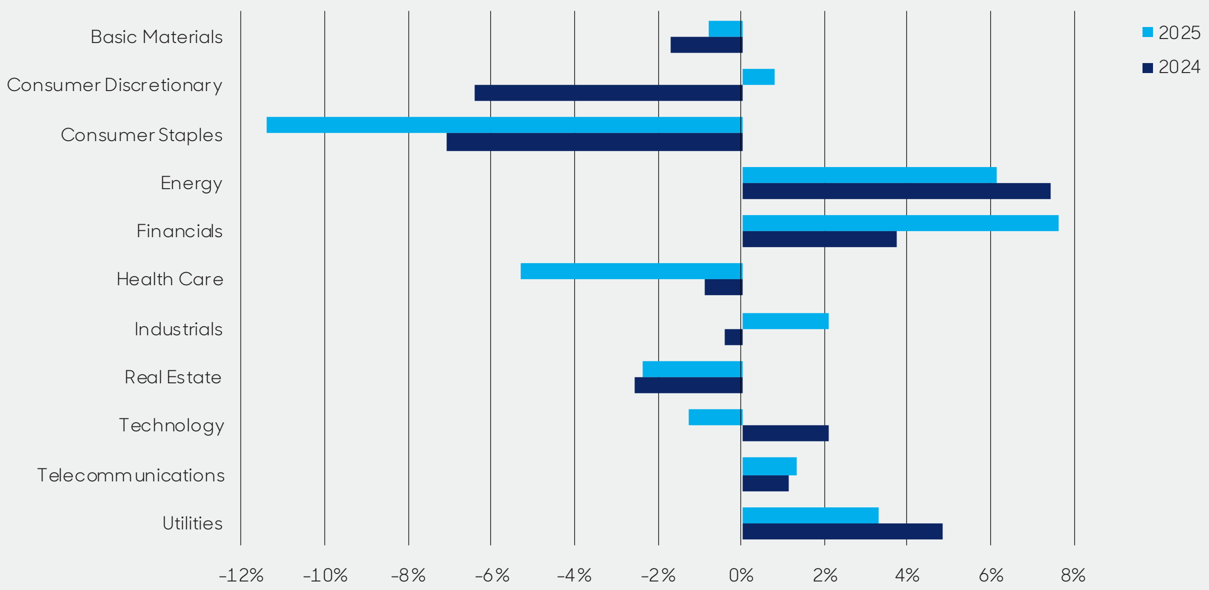
	Valuation at 31 March 2024		Movement during the year			Valuation at 31 March 2025	
	£'000	%	Purchases £'000	Sales £'000	Gains £'000	£'000	%
Listed investments							
Equities	97,974	92.5	53,889	(54,086)	2,093	**99,870**	**93.6**
Preference shares and Fixed Interest investments	24,195	22.8	4,983	(8,084)	2,379	**23,473**	**22.0**
Total investments	122,169	115.3	58,872	(62,170)	4,472	**123,343**	**115.6**
Current assets	3,242	3.1				**2,980**	**2.8**
Current liabilities	(491)	(0.5)				**(637)**	**(0.6)**
Non-current liabilities	(18,963)	(17.9)				**(18,975)**	**(17.8)**
Net assets	105,957	100.0				**106,711**	**100.0**
Net asset value per Ordinary share	256.0p					**265.2p**	

Sector Analysis

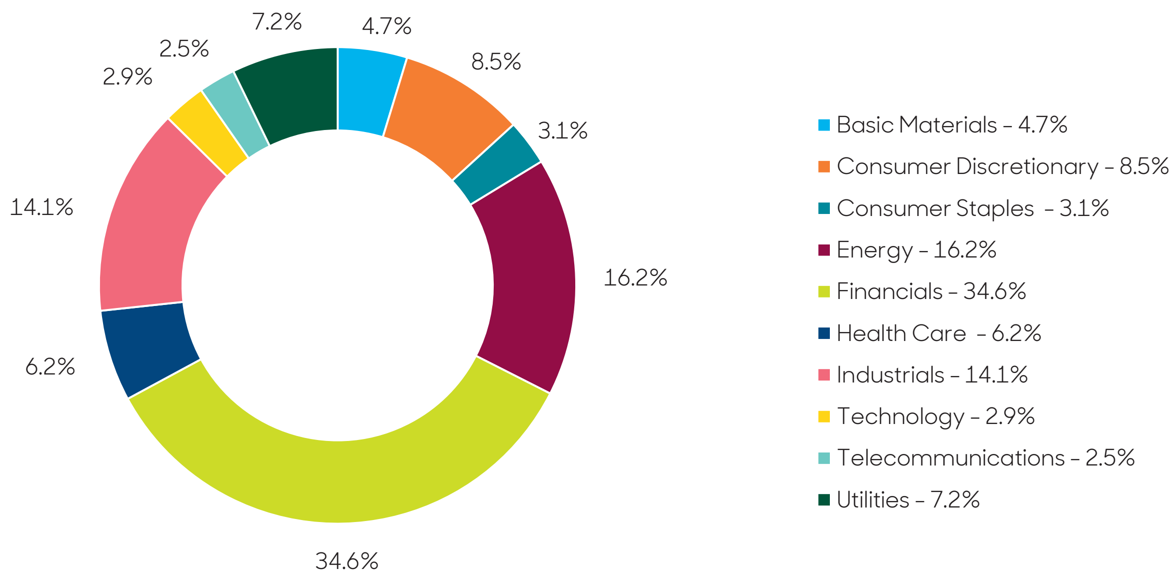
Analysis of Listed Equity Portfolio



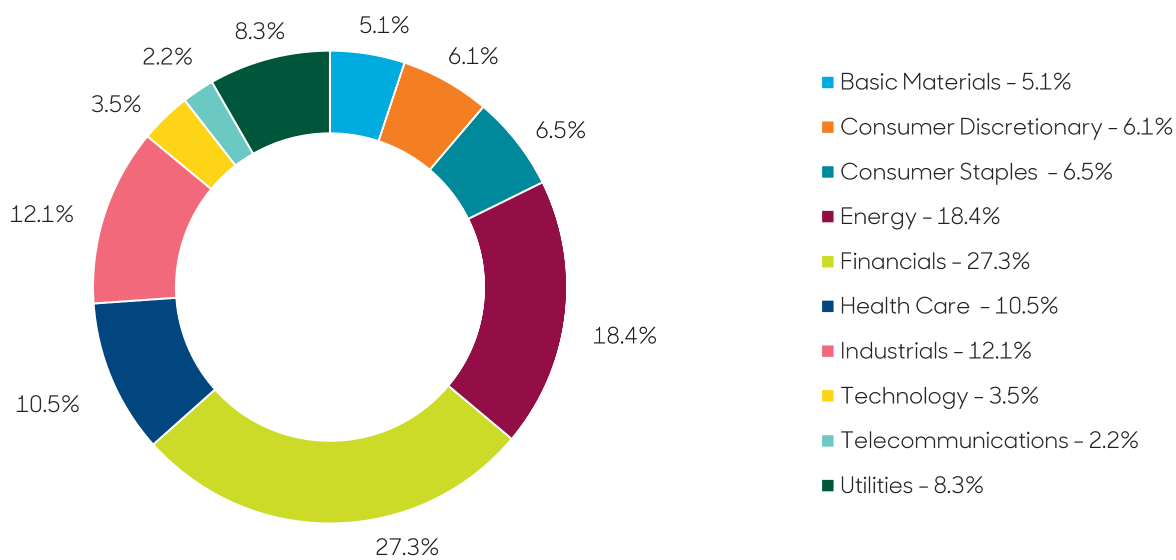
Shires Income PLC relative to the FTSE All-Share Index



Listed equities sector allocation 2025



Listed equities sector allocation 2024



Governance

The Company is committed to high standards of corporate governance and applies the principles and provisions identified in the AIC Code of Corporate Governance.

All Directors are considered by the Board to be independent of the Company and the Manager.

Board of Directors

Robin Archibald

Independent non-executive Chairman

Experience:
Robin Archibald has a wide range of experience in advising and managing transactions in the UK closed-end funds sector over his 35 year career as a corporate financier including with Samuel Montagu, S G Warburg and Natwest Markets. He retired from Winterflood Investment Trusts in May 2014, where he was formerly Head of Corporate Finance and Broking. He is also non-executive Chairman of AEW UK REIT plc, and has served on the boards of four other listed investment companies, including as senior independent director and audit chair, roles he fulfilled for the Company before being appointed as Chair in 2024. He is a Chartered Accountant.

Length of service:
8 years, appointed a Director in May 2017 and as Chairman on 5 July 2024

Last re-appointed to the Board:
5 July 2024

Committee member:
Audit Committee, Management Engagement Committee, Nomination & Remuneration Committee

Contribution:
The Board has reviewed the contribution of Robin Archibald in light of his proposed re-appointment at the AGM and has concluded that he has chaired the Company expertly, fostering a collaborative spirit between the Board and Manager whilst ensuring that meetings remain focused on the key areas of stakeholder relevance. He continues to provide significant corporate insight to the Board. In addition, his advisory experience and the benefits of his roles as a non-executive director of other investment company boards have contributed to his specific knowledge of investment companies to the benefit of the Company.

Jane Pearce

Independent non-executive Director and Chair of the Audit Committee

Experience:
Jane Pearce had an executive career as an equity analyst at leading investment banks and latterly was an equity strategist at Lehman Brothers and Nomura International. She is a non-executive director of three UK subsidiaries of Morgan Stanley and is also a non-executive director and Chair of the Audit Committee of Polar Capital Technology Trust PLC. She is a Chartered Accountant and was a Member of the Governing Council of the Institute of Chartered Accountants of Scotland from 1999-2000.

Length of service:
5 years, appointed a Director in January 2020

Last re-appointed to the Board:
5 July 2024

Committee member:
Audit Committee (Chair), Management Engagement Committee, Nomination & Remuneration Committee

Contribution:
The Board has reviewed the contribution of Jane Pearce in light of her proposed re-appointment at the AGM and has concluded that she has chaired the Audit Committee expertly and continued to provide significant financial and investment insight to the Board and knowledge of the investment management sector.

Helen Sinclair

Senior Independent non-executive Director and Chair of the Management Engagement Committee

Experience:
Helen Sinclair began her career in investment banking and spent nearly eight years at 3i plc focusing on management buy-outs and growth capital investments. She later co-founded Matrix Private Equity (which became Mobeus Equity Partners) in 2000 and subsequently became Managing Director of the company before moving to take on a number of non-executive director roles. She is Chairman of Octopus Future Generations VCT plc and a non-executive director of Sherborne Investors (Guernsey) C Limited and BlackRock Smaller Companies Trust plc.

Length of service:
3 years, appointed a Director in February 2022

Last re-appointed to the Board:
5 July 2024

Committee member:
Audit Committee, Management Engagement Committee (Chair), Remuneration Committee

Contribution:
The Board has reviewed the contribution of Helen Sinclair in light of her proposed re-appointment at the AGM and has concluded that she has continued to provide significant corporate insight and knowledge of the investment management sector to the Board.

Simon White

Independent non-executive Director and Chair of the Nomination & Remuneration Committee

Experience:
Simon White has a background in UK equity fund management and significant experience in the investment trust sector. He was, until June 2022, Co-Head of Investment Trusts at BlackRock where he was responsible for overseeing the company secretarial, sales and marketing and third-party administration services. He was also involved in successful fundraisings and significant secondary issuance within the investment trust business. He is currently a Senior Adviser to Cadarn Capital, an independent distribution and investor relations company servicing London-listed investment companies.

Length of service:
1 year, appointed a Director on 1 January 2024

Last re-appointed to the Board:
5 July 2024

Committee member:
Audit Committee, Management Engagement Committee, Nomination & Remuneration Committee (Chair)

Contribution:
The Board has reviewed the contribution of Simon White in light of his proposed re-appointment at the AGM and has concluded that he has continued to provide a significant contribution through his experience of the investment trust sector and the investment management sector more generally.

Directors' Report

The Directors present their report and audited financial statements for the year ended 31 March 2025.

Results and Dividends

The financial statements for the year ended 31 March 2025 are contained on pages 74 to 98. Dividends paid and proposed for the year amounted to 14.80p per Ordinary share.

First, second and third interim dividends for the year, each of 3.20p per Ordinary share, were paid on 31 October 2024, 31 January 2025 and 30 April 2025 respectively. The Directors recommend a final dividend of 5.20p per Ordinary share, payable on 31 July 2025 to shareholders on the register on 4 July 2025. The ex-dividend date is 3 July 2025. Under UK-adopted international accounting standards the third interim and final dividends will be accounted for in the financial year ended 31 March 2026. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Investment Trust Status

The Company is registered as a public limited company (registered in England and Wales No. 00386561) 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 2011/2999. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 March 2025 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

The Company satisfies 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

The issued Ordinary share capital as at 31 March 2025 comprised 40,214,596 Ordinary shares of 50p each and 2,018,478 Ordinary shares held in treasury. The Company also has 50,000 3.5% Cumulative Preference shares of £1 each.

During the year the Company bought back 1,154,946 Ordinary shares at a discount to net asset value, to hold in treasury.

Voting Rights

Each Ordinary and Cumulative Preference share carries one vote at general meetings of the Company. The Cumulative Preference shares carry a right to receive a fixed rate of dividend and, on a winding up of the Company, to the payment of such fixed cumulative preferential dividends to the date of such winding up and to the repayment of the capital paid up on such shares in priority to any payment to the holders of the Ordinary shares.

The Ordinary shares, excluding any treasury shares, carry a right to receive dividends and, 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 or Cumulative Preference shares in the Company other than certain restrictions which may from time to time be imposed by law.

Management Agreement

The Company has appointed abrdn Fund Managers Limited ("aFML"), a wholly owned subsidiary of Aberdeen Group plc, as its alternative investment fund manager. aFML has been appointed to provide investment management, risk management, administration, company secretarial services and promotional activities to the Company. The Company's portfolio is managed by abrdn Investments Limited by way of a group delegation agreement in place between aFML and abrdn Investments Limited. In addition, aFML has sub-delegated administrative and company secretarial services to abrdn Holdings Limited and promotional activities to abrdn Investments Limited. Details of the management fee and fees payable for promotional activities are shown in notes 4 and 5 to the financial statements.

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

Substantial Interests

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

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware as at 31 March 2025.

Shareholder	Number of Ordinary shares held	% of Ordinary shares held
Interactive Investor	12,347,051	30.7
Hargreaves Lansdown	8,423,367	20.9
AJ Bell	2,888,463	7.2
HSDL	2,226,971	5.5

There have been no changes notified to the Company between the year end and the date of approval of this Report.

Directors

At the end of the year the Board comprised four non-executive Directors, each of whom is considered by the Board to be independent of the Company and the Manager. Robert Talbut retired as a Director at the Annual General Meeting on 5 July 2024.

The Directors attended scheduled Board and Committee meetings during the year ended 31 March 2025 as follows (relevant meetings in brackets):

Director	Board	Audit Committee	Management Engagement Committee	Nomination & Remuneration Committee
Robin Archibald	5 (5)	2 (2)	1 (1)	1 (1)
Jane Pearce	5 (5)	2 (2)	1 (1)	1 (1)
Helen Sinclair	5 (5)	2 (2)	1 (1)	1 (1)
Robert Talbut[A]	2 (2)	1 (1)	- (-)	- (-)
Simon White	5 (5)	2 (2)	1 (1)	1 (1)

[A] Retired as a Director on 5 July 2024

The Board meets more frequently when business needs require and has regular dialogue between formal Board meetings, including with the Manager. During the year, there were an additional four Board/Board Committee meetings held, principally in relation to share buy backs, the approval of the Annual and Half Yearly Reports and the Company's positioning in light of sector issues.

Under the terms of the Company's Articles of Association, Directors must retire and be subject to appointment at the first Annual General Meeting after their appointment by the Board, and be subject to re-appointment every three years thereafter. However, the Board has decided that all Directors will seek annual re-appointment after initial appointment to the Board.

The Board believes that all the Directors seeking re-appointment remain independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. The biographies of each of the Directors are shown on pages 46 to 47, setting out their range of skills and experience as well as length of service and contribution to the Board during the year. The Board believes that each Director has the requisite high level and range of business, investment and financial experience which enables the Board to provide clear and effective leadership, oversight and proper governance of the Company.

Following formal performance evaluations, each Director's performance continues to be effective and demonstrates commitment to the role, and their individual performances contribute to the long-term sustainable success of the Company. All of the Directors have demonstrated that they have sufficient time and commitment to fulfil their directorial roles with the Company. The Board therefore recommends the re-appointment of each of the Directors at the Annual General Meeting.

Board's Policy on Tenure

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

Directors' Report

Continued

It is the Board's policy that the Chairman of the Board will not normally serve as a Director beyond the Annual General Meeting following the ninth anniversary of his/her appointment to the Board. However, this may be extended in certain circumstances including the facilitation of effective succession planning and the development of a diverse Board. In such a situation the reasons for the extension will be fully explained to shareholders and a timetable for the departure of the Chairman clearly set out.

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 acts upon the results of the Board evaluation process by recognising strengths and addressing any weaknesses and also ensures that the Board engages with major shareholders and that all Directors understand shareholder views.

The Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other Directors, when necessary. Working closely with the other Directors, 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.

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. In addition, the Company has entered into a separate deed of indemnity with each of the Directors reflecting the scope of the indemnity in the Articles of Association. Under the Articles of Association, each Director is entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him or her in the proper execution of his or her duties in relation to the affairs of the Company.

Management of Conflicts of Interest

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

No Director has a service contract with the Company although all Directors are issued with letters of appointment, which may be amended from time to time to reflect regulatory and other changes. Other than the deeds of indemnity referred to above and the Directors' letters of appointment, there were no contracts during, or at the end of the year, in which any Director was interested.

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Manager also adopts a group-wide zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Manager's anti-bribery and corruption policies are available on its website.

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

Board Diversity

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

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

Table for reporting on gender as at 31 March 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
Men	2	50%			
Women	2	50% (note 1)	n/a (note 3)	n/a (note 3)	n/a (note 3)
Not specified/prefer not to say	-	-			

Table for reporting on ethnic background as at 31 March 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	4	100%			
Minority ethnic	-	- (note 2)	n/a (note 3)	n/a (note 3)	n/a (note 3)
Not specified/prefer not to say	-	-			

Notes:

1. Meets target that at least 40% of Directors are women as set out in LR 6.6.6R (9)(a)(i).
2. Does not meet target that at least one Director is from a minority ethnic background as set out in LR 6.6.6R (9)(a)(iii). The Directors will take this into account when making future Board appointments.
3. This column is not applicable as the Company is externally managed and does not have any executive staff. Specifically, it does not have either a CEO or CFO. The Company considers that the roles of Chairman of the Board, Senior Independent Director and Chair of the Audit Committee are Senior Board Positions and, accordingly, that the Company meets in spirit the requirement that at least one of the Senior Board Positions is held by a woman as set out in LR 6.6.6R (9)(a)(ii).

Corporate Governance

The Company is committed to high standards of corporate governance and the Board is accountable to the Company's shareholders for good governance. The Board has 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 Corporate Governance Code as published by the FRC in July 2018 (the "UK Code"), as well as setting out additional provisions on issues that are of specific relevance to investment trusts.

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 than if it had adopted the UK Code. The AIC Code is available on the AIC's website: **theaic.co.uk**. It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment trusts.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code.

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

The Board is conscious of the FRC's recent updates to the UK Corporate Governance Code, and the corresponding updates to the AIC Code, some of which will apply to the Company's financial year beginning on 1 April 2025. It is the Board's intention that the Company will comply with all relevant provisions of the new codes.

The Board and its Committees

Mr Archibald is the Chairman of the Board and Ms Sinclair is the Senior Independent Director.

The Board has appointed committees with specific responsibilities as set out below. Copies of the terms of reference of each committee are available on the Company's website, or upon request from the Company.

Audit Committee

The Audit Committee comprises all Directors and, since 5 July 2024, has been chaired by Ms Pearce.

The Audit Committee's Report is contained on pages 60 to 63.

Management Engagement Committee

The Management Engagement Committee comprises all Directors and is chaired by Ms Sinclair. The purpose of the Committee is to review the terms of the agreement with the Manager including, but not limited to, the management fee, and also to review the performance of the Manager in relation to the achievement of the Company's objectives. These reviews were conducted during the year and the outcomes are noted below. In addition, the Committee conducts an annual review of the performance, terms and conditions, and fees of the Company's other main service providers. The Committee is satisfied with the quality of service received from the Company's main service providers.

The key terms of the management agreement and fees payable to the Manager are set out on page 48 and in notes 4 and 5 to the financial statements. The Board believes the fee arrangements are competitive with reference to other investment trusts with a similar investment mandate and are priced appropriately given the level of service provided by the Aberdeen Group. As stated above, the Committee reviews the performance of the Manager annually. The Board is satisfied with the Company's performance since the appointment of Aberdeen as Manager in 2008 and believes that the Investment Manager has positioned the portfolio well in order to seek to achieve good medium and long-term performance and a high level of income in line with the Company's investment objective. The Board is also satisfied with the standard of company secretarial, administration and promotional support provided by the Manager. It therefore considers the continuing appointment of the Manager on the terms agreed to be in the best interests of shareholders.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee was established during the year. In prior years, the Company had a Remuneration Committee and matters relating to a nominations committee were considered by the Board of Directors.

The Nomination & Remuneration Committee comprises all Directors and is chaired by Mr White who has relevant experience of the sector and the roles fulfilled for the Company. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, appraisals and training, and determines the Directors' remuneration policy and level of remuneration, including for the Chairman. Further details of the remuneration policy are provided in the Directors' Remuneration Report on pages 56 to 59.

During the year, the Committee undertook an annual appraisal of the Chairman of the Board, individual Directors and the performance of Committees and the Board as a whole. This process involved the completion of questionnaires by each Director and follow-on discussions between the Chairman and each Director. The appraisal of the Chairman was undertaken by the Senior Independent Director. The results of the process were discussed by the Board following its completion, with appropriate action points made.

Following this process, the Board considers that it continues to operate in an efficient and effective manner with each Director making a significant contribution to the Board.

The Committee considers succession planning on at least an annual basis. 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.

Going Concern

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

The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants, including the headroom available. At the year end, the Company had a £20 million loan facility which is due to mature in April 2027.

Having taken these factors into account, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for the period to 30 June 2026, which is at least twelve months from the date of approval of this Report. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Accountability and Audit

The respective responsibilities of the Directors and the Auditor in connection with the financial statements appear on page 64, and pages 65 to 71.

Each Director confirms that, so far as he or she is 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.

Independent Auditor

The Company's Auditor, Ernst & Young LLP, has indicated its willingness to remain in office. The Board will place resolutions before the Annual General Meeting to re-appoint Ernst & Young LLP as Auditor for the ensuing year and to authorise the Directors to determine its remuneration.

Relations with Shareholders

The Directors place a great deal of importance on communications with shareholders. Shareholders and investors may obtain up to date information on the Company through its website.

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

Directors make themselves available to attend meetings with the Company's largest shareholders and meet other shareholders at the Annual General Meeting and, as explained in the Chairman's Statement, the Company will hold an Online Shareholder Presentation in advance of the Annual General Meeting this year including the opportunity for an interactive question and answer session.

Directors' Report

Continued

The notice of the Annual General Meeting is, where practicable, sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Manager at the meeting. Further details regarding the arrangements for this year's Annual General Meeting and separate Online Shareholder Presentation are set out in the Chairman's Statement on page 10.

Annual General Meeting

The Annual General Meeting will be held at 18 Bishops Square, London E1 6EG on Tuesday 8 July 2025 at 12 noon. The Notice of Annual General Meeting is included on pages 116 to 120.

There are 13 resolutions to consider, including three resolutions put as special resolutions which require the approval of 75% of the votes cast. The 10 ordinary resolutions include adopting the accounts and Auditor's report, adopting the Directors' Remuneration Report, approving the final dividend, the re-appointment of Directors, the re-appointment and determining the remuneration of the Auditor, and a general share allotment authority. Further details of the ordinary and special resolutions to be proposed at the meeting are set out below.

Allotment of Shares

Resolution 10, which is an ordinary resolution, will, if approved, give the Directors a general authority to allot new securities up to 10% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (up to a maximum aggregate nominal amount of £2,004,165 based on the number of Ordinary shares in issue as at the date of this Report), such authority to expire on 30 September 2026 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

Disapplication of Pre-emption Provisions

Resolution 11, which is a special resolution, will, if approved, give the Directors power to allot Ordinary shares (including Ordinary shares held in treasury) for cash, otherwise than pro-rata to existing shareholders, 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 £2,004,165 based on the number of Ordinary shares in issue as at the date of this Report). Ordinary shares would only be issued for cash at a premium to the net asset value per share. This authority will expire on 30 September 2026 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting). As noted, this disapplication of pre-emption rights also applies in respect of treasury shares which the Company may sell.

Purchase of the Company's own Ordinary Shares

Resolution 12, which is a special resolution, will, if approved, renew the Company's authority to make market purchases of its own shares. The maximum number of Ordinary shares which may be purchased pursuant to the authority is 14.99% of the issued share capital of the Company as at the date of the passing of the resolution (approximately 6.0 million Ordinary shares as at the date of this Report). The minimum price which may be paid for an Ordinary share (exclusive of expenses) is 50p. The maximum price which may be paid (exclusive of expenses) is an amount being not more than the higher of (i) 105% of the average of the middle market quotations for the Company's Ordinary shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out.

This authority, if conferred, will only be exercised if shares are purchased for cash at a price below the prevailing net asset value per share and the Directors believe it is in the best interests of shareholders generally. Shares so repurchased may be held in treasury or cancelled. Any purchase of shares will be made within guidelines established from time to time by the Board. This authority will expire on 30 September 2026 or, if earlier, at the conclusion of the next Annual General Meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).

Notice Period for General Meetings

The Company's Articles of Association enable it to call general meetings (other than an Annual General Meeting) on 14 clear days' notice. In order for this to be effective, the shareholders must also annually approve the calling of meetings on 14 days' notice by separate resolution. Resolution 13, which is a special resolution, seeks such approval. 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 14 days' notice. It is the Board's intention to only use this authority where it is merited by the purpose of the meeting.

Recommendation

The Directors believe 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 totalling 71,283 Ordinary shares, representing 0.18% of the issued share capital.

By order of the Board
abrdn Holdings Limited
Company Secretary
1 George Street
Edinburgh EH2 2LL
28 May 2025

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

a) a Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) - most recently voted on at the Annual General Meeting on 5 July 2024;

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

c) 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 on pages 65 to 71.

The Directors' Remuneration Policy and level of Directors' remuneration are determined by the Nomination & Remuneration Committee, which is chaired by Mr White, and comprises all of the Directors. The Remuneration Policy is reviewed by the Nomination & Remuneration Committee on an annual basis.

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

No shareholder views have been sought in setting the Remuneration Policy (approved by shareholders at the Annual General Meeting in 2024) although any comments received from shareholders are considered.

Remuneration Policy

The Board's policy is that the remuneration of non-executive Directors should 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 investment objectives. Remuneration should also be sufficient to attract Directors of the quality and with the skills required to oversee the Company's activities successfully.

Appointment Terms

- All the Directors are non-executive and are appointed under the terms of letters of appointment which are updated from time to time for updated regulatory provisions.
- Under the terms of the Company's Articles of Association, Directors must retire and be subject to appointment at the first Annual General Meeting after their appointment by the Board, and be subject to re-appointment every three years thereafter. However, the Board has decided that all Directors will seek annual re-appointment.
- 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.
- Additional fees may be payable to take account of specific circumstances that might arise where a Director is required to perform services (i) outside the scope of the ordinary duties of a Director; or (ii) outside the ordinary course of Company business, and in each case where this is exceptional in terms of time commitment.
- 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 and accommodation expenses as necessary.
- The Company indemnifies its Directors under deeds of indemnity for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties as a Director of the Company.
- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- The terms of appointment provide that a Director may be removed without notice in certain circumstances.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.
- Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

Statement of Voting at General Meeting on the Remuneration Policy

At the Annual General Meeting held on 5 July 2024, shareholders approved the Directors' Remuneration Policy. 94.7% of proxy votes were in favour of the resolution and 5.3% were against. There were abstentions in respect of 123,026 Ordinary shares.

Implementation Report

Limit on Directors' Fees

Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees per annum payable to the Board of Directors. The current limit specified in the Articles of Association, as approved by shareholders at the Annual General Meeting on 5 July 2024, is £200,000 per annum (or such other amount as may from time to time be determined by ordinary resolution of the Company).

Review of Directors' Fees

The levels of fees for the year and the preceding year are set out in the table below.

	31 March 2025 £	31 March 2024 £
Chairman	**43,500**	41,000
Chairman of Audit Committee	**35,000**	33,500
Director	**30,500**	29,000

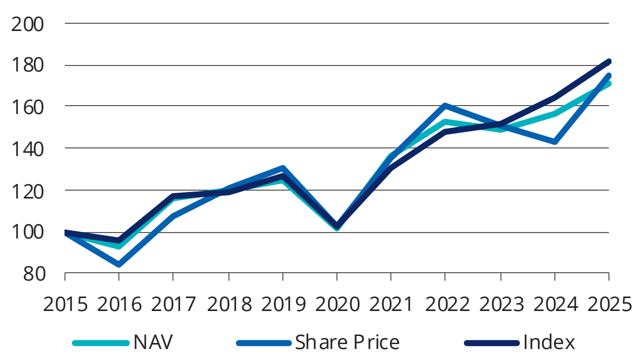
An additional fee of £1,000 per annum (2024: £1,000) was payable to the Senior Independent Director.

For the current and future years, the Nomination & Remuneration Committee has established a base rate for serving as a non-executive Director, taking account the size of the Company and demands for serving on the Board, balanced with having a small number of Directors on the Board. Additional amounts will be paid for chairing committees or serving in other roles such as Senior Independent Director or Chair of the Board. In future, should the activities of the Company require substantial input from the Board or particular Board members, as has been the case in the past, then additional remuneration will be considered under the circumstances.

With this in mind, the Committee carried out a review of the level of Directors' fees during the year. This included consideration of fees paid by comparable investment trusts and the sector as a whole, the responsibilities and time commitment of the Directors, their skills and experience, and the level of basic fee required to attract new Directors of sufficient calibre. Following this review, it was decided that fees would be increased with effect from 1 April 2025 to £45,500 per annum for the Chairman, £36,500 per annum for the Audit Committee Chair and £31,500 per annum for the other Directors. It was also decided that separate fees of £1,000 per annum would be paid to each of the Senior Independent Director and the Chairs of the Management Engagement Committee and Nomination & Remuneration Committee.

Company Performance

The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the FTSE All-Share Index for the ten year period to 31 March 2025 (rebased to 100 at 31 March 2015). This Index was chosen for comparison purposes, as it is the benchmark used for investment performance measurement purposes.



Spend on Pay

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

Directors' Remuneration Report

Continued

Fees Payable (Audited)

The Directors who served during the year received the following fees, which exclude employers' National Insurance contributions:

Director	2025 £	2024 £
Robin Archibald[A]	**41,524**	34,500
Jane Pearce[B]	**33,815**	29,000
Helen Sinclair	**31,237**	29,000
Robert Talbut[C]	**11,460**	41,000
Simon White[D]	**30,500**	7,250
Total	**148,536**	140,750

[A] Appointed Chairman on 5 July 2024.
[B] Appointed as Chair of the Audit Committee on 5 July 2024.
[C] Retired 5 July 2024
[D] Appointed 1 January 2024

Fees are pro-rated where a change takes place during a financial year. There were no payments to third parties included in the fees referred to in the table above.

Annual Percentage Change in Directors' Remuneration

The table below sets out the annual percentage change in Directors' fees for the past five years.

Director	Year ended 31 March 2025 %	Year ended 31 March 2024 %	Year ended 31 March 2023 %	Year ended 31 March 2022 %	Year ended 31 March 2021 %
Robin Archibald[A]	20.4	6.0	6.7	5.2	3.7
Jane Pearce[B]	16.6	5.5	3.8	6.0	-
Helen Sinclair[C]	7.7	5.5	3.8	n/a	n/a
Simon White[D]	5.2	n/a	n/a	n/a	n/a

[A] Appointed Senior Independent Director on 12 September 2022 and Chairman on 5 July 2024
[B] Fee pro-rated from date of appointment on 1 January 2020. Appointed as Chair of the Audit Committee on 5 July 2024
[C] Fee pro-rated from date of appointment on 1 February 2022. Appointed as Senior Independent Director on 5 July 2024.
[D] Fee pro-rated from date of appointment on 1 January 2024

Directors' Interests in the Company (Audited)

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 31 March 2025 and 31 March 2024 had no interest in the share capital of the Company other than those interests, all of which are beneficial, shown in the table below.

	31 March 2025 Ordinary shares	31 March 2024 Ordinary shares
Robin Archibald	**22,773**	22,471
Jane Pearce	**7,014**	7,014
Helen Sinclair	**3,000**	3,000
Robert Talbut[A]	**18,496**	18,496
Simon White	**20,000**	20,000

[A] At date of retirement on 5 July 2024

No Director had an interest in the 3.5% Cumulative Preference shares at any time during the year.

There have been no changes to the Directors' interests in the share capital of the Company since the end of the year.

Statement of Voting at General Meeting on the Remuneration Report

At the Company's last Annual General Meeting, held on 5 July 2024, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 March 2024. 96.7% of proxy votes were in favour of the resolution and 3.3% were against. There were abstentions in respect of 104,225 Ordinary shares.

A resolution will be proposed at the Annual General Meeting to approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 March 2025.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year to 31 March 2025:

- 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.

On behalf of the Board
Simon White
Director
28 May 2025

Audit Committee's Report

The Audit Committee presents its Report for the year ended 31 March 2025.

Committee Composition

The Audit Committee comprises all of the Directors of the Company. Ms Pearce was appointed Chair following the AGM on 5 July 2024. Ms Pearce is a Chartered Accountant and has served as chair on the audit committees of other companies. The Board is satisfied that she has recent and relevant financial experience and knowledge of the investment company sector, and that the Committee as a whole has competence relevant to the sector.

The Board considers that, given its size and the nature of the Company's activities, it is appropriate for the Chairman of the Board to be a member of the Committee. Mr Archibald was independent upon his appointment to the Board in May 2017.

Functions of the Audit Committee

The principal role of the Audit Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on at least an annual basis. Copies of the terms of reference are published on the Company's website and are available from the Company on request.

The Committee's main functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out below);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager and how the financial statements are presented;
- 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 annual and half-yearly financial statements, announcements and related formal statements and to test the validity of these judgements on a regular basis;
- 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 review the proposed audit programme and planning with the Auditor;
- to meet with the Auditor to review the audit results report;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. There were no fees for non-audit services paid to the Auditor during the year (2024: £nil). All non-audit services must be approved in advance by the Audit Committee and will be reviewed in the light of statutory requirements and the need to maintain the Auditor's independence;
- to make recommendations to the Board in relation to the re-appointment of the Auditor or the appointment of a new Auditor and to approve the remuneration and terms of engagement of the Auditor;
- to monitor and review the Auditor's independence, objectivity, effectiveness, resources and qualification; and
- to review a statement from the Aberdeen Group detailing the arrangements in place within the group whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters.

Activities During the Year

The Audit Committee met twice during the year when, amongst other things, it considered the Annual Report and the Half-Yearly Financial Report. Representatives of the Aberdeen Group's internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment. The Audit Committee also meets privately with the Auditor to discuss issues arising from the audit. Members of the Audit Committee had regular meetings and communications with the Manager between these formal Committee meetings.

The Audit Committee reviews annually the split of management expenses and finance costs between income and capital, which had been applied as to 50:50 for some time, and concluded that, with effect from the commencement of the financial year on 1 April 2024, this would be applied as to 40:60 between income and capital respectively. This change did not give rise to any prior year adjustment.

Internal Control

The Board confirms that there is an ongoing process for identifying, evaluating and managing the Company's significant business and operational risks, that it has been in place for the year ended 31 March 2025 and up to the date of approval of the Annual Report, that it is regularly reviewed by the Board and accords with the FRC's guidance on internal controls.

The Board has overall responsibility for ensuring that there is a system of internal controls 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 register which identifies potential risks and it considers the potential cause and possible impact of these risks and changes to the individual risks as well as reviewing the controls in place to mitigate them. A risk is rated by having a likelihood and an impact rating and is plotted on a "heat map". There is also regular discussion and identification of emerging risks, including those of an exogenous nature.

Clear lines of accountability have been established between the Board and the Manager. The Board receives regular reports covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Aberdeen Group, its internal audit and compliance functions and the Auditor.

The Audit Committee has reviewed the effectiveness of the Aberdeen Group'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 Assurance Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organization". The Committee has also reviewed the Aberdeen Group'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 Depositary, BNP Paribas Trust Corporation UK Limited, reports annually to the Board. Its services are monitored on an ongoing basis on behalf of the Company by the Manager, and the Manager meets with the Depositary on a regular basis and reviews internal control reports produced by the Depositary.

Risks are identified and documented through a risk management framework by each function within the Aberdeen Group'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:

- 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;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- 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 Aberdeen Group's compliance department continually reviews its operations; and
- at its meeting in May 2025, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 March 2025 by considering documentation from the Aberdeen Group including the internal audit and compliance functions and taking account of events since 31 March 2025.

The Board has considered the need for an internal audit function but, given that the Audit Committee receives reports from the Company's key service providers on their internal controls and, because of the compliance and internal control systems in place within the Aberdeen Group, has decided to place reliance on those systems and internal audit procedures and concluded that it is not necessary for the Company to have its own internal audit function.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 March 2025, the Audit Committee considered the following significant issues, in particular those communicated by the Auditor during its planning and reporting of the year end audit:

Valuation 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 (b) to the financial statements. All investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 within the IFRS 13 fair value hierarchy. The portfolio holdings and their pricing are 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 Company uses the services of an independent depositary (BNP Paribas Trust Corporation UK Limited) 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 the stated accounting policies. In addition, the Directors review the Company's income, including income received, revenue forecasts and dividend comparisons at each Board meeting. The Board also examines any unusual items of income or receipts (including special dividends) which could be categorised as capital or income and how they should be treated for accounting purposes. The Committee notes that there was no significant accounting judgement required in relation to the classification of special dividends received during the period.

Maintenance of Investment Trust Status

How the issue was addressed – Approval of the Company as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 for financial years commencing on or after 1 April 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and reported at each Board meeting.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the Auditor, Ernst & Young LLP ("EY"), 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, its communications and presentation of outputs, and its working relationship with management.
- Quality of people and service – including continuity and succession plans.
- Fees – including current and proposed fees for future years.

The Committee has also reviewed developments in the audit of listed companies and in governance and how this impacts the audit function.

In common with all UK listed companies, including investment companies, there has been upward pressure on audit fees. The Audit Committee continues to monitor the fees paid and payable by the Company and has been satisfied that the continuity, experience and service levels have been important in approving increased fees paid to the Auditor in the past few years.

Tenure of the Auditor

EY was appointed as Auditor at the Annual General Meeting on 6 July 2016 and the year ended 31 March 2025 is the ninth year that EY has acted as Auditor. Public limited companies are required to put their audits out to tender every ten years and to rotate auditor every twenty years. The Audit Committee will therefore conduct an audit tender process during the current financial year in respect of the year ended 31 March 2027.

In accordance with present professional guidelines the audit partner is rotated after no more than five years and the year ended 31 March 2025 is the fourth year for which the present partner, James Beszant, has served.

The Audit Committee is satisfied that EY is independent and therefore supports the recommendation to the Board that the re-appointment of EY be put to shareholders for approval at the Annual General Meeting.

Jane Pearce
Chair of the Audit Committee
28 May 2025

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, and under that law they have chosen to prepare the financial statements in accordance with UK-adopted international accounting standards.

The financial statements are required by law to 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 in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK-adopted international accounting standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state whether the financial statements have been prepared in accordance with UK-adopted international accounting standards subject to any material departures disclosed and explained in the notes to 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 the content of any information included on the website that has been prepared or issued by third parties. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board confirms that to the best of its knowledge:

- the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- 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
Robin Archibald
Chairman
28 May 2025

Independent Auditor's Report to the Members of Shires Income PLC

Opinion

We have audited the financial statements of Shires Income PLC (the "Company") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement including the related notes 1 to 23 to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

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

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

Conclusions Relating to Going Concern

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

- Confirmation of our understanding of the Company's going concern assessment process. We engaged with the Directors and the Company Secretary to determine if the key factors that we have become aware of during our audit were considered in their assessment.
- Inspection of the Directors' assessment of going concern, including the liquidity assessment of the investment portfolio and the revenue forecast, for the period to 30 June 2026 which is at least 12 months from the date the financial statements were authorised for issue. In preparing the revenue forecast and liquidity assessment, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Review of the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investment portfolio. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We recalculated the Company's compliance with debt covenants and performed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- Consideration of the mitigating factors included in the revenue forecasts and covenant calculations that are within the control of the Company in relation to their stress testing. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover the working capital requirements should revenue decline significantly.

Independent Auditor's Report to the Members of Shires Income PLC

Continued

- Review of the Company's going concern disclosures included in the Annual Report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

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 assessed by the Directors, being the period to 30 June 2026.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of Our Audit Approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income • Risk of incorrect valuation or ownership of the investment portfolio
Materiality	• Overall materiality of £1.07 million (2024: £1.06 million) which represents 1% (2024: 1%) of shareholder's funds

An Overview of the Scope of our Audit

Tailoring the Scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed.

Climate Change

The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments. This is explained on page 13 in the principal and emerging risks and uncertainties section. This disclosure forms part of the "Other Information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other Information".

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 2 (a) and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by UK-adopted International Accounting Standards. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key Audit Matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (as described on page 62 in the Audit Committee's Report and as per the accounting policy set out on page 79). The total revenue for the year to 31 March 2025 was £7.30 million (2024: £6.43 million), consisting of dividend income from listed investments. The Company received seven (2024: four) special dividends amounting to £0.27 million (2024: £0.50 million), of which six of them were classified as revenue. There is a risk of incomplete or inaccurate revenue recognition through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	**We have performed the following procedures:** We obtained an understanding of the Administrator's processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures. For all dividends received, including dividends on preference shares, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. For all of the dividends received, we agreed amounts to bank statements and agreed the exchange rates used to an external source. For all accrued dividends, we reviewed the investee company announcements to assess whether the dividend entitlements arose prior to 31 March 2025. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the dividend amount receivable and agreed the subsequent cash receipts to the post year end bank statements where the dividend had been received. To test completeness of recorded income, we verified that expected dividends for each investee company held during the year had been recorded as income with reference to investee company announcements obtained from an independent data vendor. For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were 'special'. We identified seven special dividends, amounting to £0.27 million, were received during the year. We have tested a sample of one special dividend, assessing the appropriateness of classification as capital by reviewing the underlying rationale of the distribution with reference to publicly available information.	The results of our procedures identified no material misstatement in relation to incomplete or inaccurate revenue recognition, including incorrect classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Independent Auditor's Report to the Members of Shires Income PLC

Continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation or ownership of the investment portfolio (as described on page 62 in the Audit Committee's Report and as per the accounting policy set out on page 79). The valuation of the portfolio at 31 March 2025 was £123.34 million (2024: £122.17 million) consisting of listed investments. The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or failure to maintain proper legal title of the investments held by the Company, could have a significant impact on the net asset value and the return generated for shareholders. The fair value of listed investments is determined using quoted market bid prices at close of business on the reporting date.	**We performed the following procedures:** We obtained an understanding of the Administrator's processes surrounding investment pricing and legal title of listed investments by performing walkthrough procedures. For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We confirmed with the Administrator that there were no investments with stale prices as at the year-end and therefore no stale pricing report produced. We challenged this assertion by reviewing the daily valuation of each investment for five business days before and after 31 March 2025 to identify any stale prices. Our testing did not identify any stale prices. We compared the Company's investment holdings at 31 March 2025 to the independent confirmation received directly from the Company's Depositary.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation or ownership of the investment portfolio

In the prior year, our Auditor's report included a key audit matter 'in relation to Incorrect accounting of the transaction between the Company and abrdn Smaller Companies Income Trust plc'. In the current year, this has not been included as a key audit matter as the transaction does not impact upon the current year financial statements.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £1.07 million (2024: £1.06 million), which is 1% (2024: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measures of the Company's performance.

Performance Materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £0.80 million (2024: £0.79 million). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.31 million (2024: £0.26 million) being 5% (2024: 5%) of revenue profit before tax.

Reporting Threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.05 million (2024: £0.05 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other Information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

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

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

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

Matters on Which We Are Required to Report by Exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

Independent Auditor's Report to the Members of Shires Income PLC

Continued

- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

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

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

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 53;
- Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 18;
- Directors' statement on whether they have a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 53;
- Directors' statement on fair, balanced and understandable set out on page 64;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 13;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 61 and 62; and;
- The section describing the work of the Audit Committee set out on pages 60 to 63.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 64, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Explanation as to What Extent the Audit Was Considered Capable of Detecting Irregularities, Including Fraud

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK-adopted International Accounting Standards, the Companies Act 2006, the UK Listing Rules, the UK Corporate Governance Code, the Statement of Recommended Practice for the Financial Statements of Investment Trust Companies as issued by the Association of Investment Companies, Section 1158 of the Corporation Tax Act 2010, and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary, review of the Board minutes and review of papers provided to the Audit Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital in the Statement of Comprehensive Income. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other Matters we are Required to Address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 6 July 2016 to audit the financial statements for the year ending 31 March 2017 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is nine years, covering the years ending 31 March 2017 to 31 March 2025.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of Our Report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Beszant (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 May 2025

Financial Statements

Statement of Comprehensive Income

		Year ended 31 March 2025			Year ended 31 March 2024		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value	11	-	**4,472**	**4,472**	–	(5,748)	(5,748)
Currency losses		-	**(5)**	**(5)**	–	(56)	(56)
Income	3						
Income from investments		**7,196**	-	**7,196**	6,361	–	6,361
Other income from investment activity		**100**	-	**100**	68	–	68
		7,296	**4,467**	**11,763**	6,429	(5,804)	625
Expenses							
Management fee	4	**(261)**	**(392)**	**(653)**	(210)	(210)	(420)
Administrative expenses	5	**(428)**	**(19)**	**(447)**	(505)	(24)	(529)
Finance costs	7	**(402)**	**(603)**	**(1,005)**	(502)	(502)	(1,004)
		(1,091)	**(1,014)**	**(2,105)**	(1,217)	(736)	(1,953)
Profit/(loss) before taxation		**6,205**	**3,453**	**9,658**	5,212	(6,540)	(1,328)
Taxation	8	**(108)**	-	**(108)**	(144)	–	(144)
Profit/(loss) attributable to equity holders of the Company		**6,097**	**3,453**	**9,550**	5,068	(6,540)	(1,472)
Earnings per Ordinary share (pence)	10	**14.80**	**8.38**	**23.18**	14.75	(19.03)	(4.28)

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

The total column of this statement represents the Statement of Comprehensive Income of the Company, prepared in accordance with UK adopted International Accounting Standards. 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 these financial statements.

Balance Sheet

	Notes	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Non-current assets			
Ordinary shares		**99,870**	97,974
Preference shares and Fixed Interest investments		**23,473**	24,195
Securities at fair value	11	**123,343**	122,169
Current assets			
Other receivables	12	**1,658**	1,567
Cash at bank		**1,322**	1,675
		2,980	3,242
Creditors: amounts falling due within one year			
Other payables		**(637)**	(491)
Net current assets/(liabilities)		**2,243**	2,751
Total assets less current liabilities		**125,686**	124,920
Non-current liabilities			
Revolving credit facility[A]	13	**(9,000)**	(9,000)
Loan due in more than one year	13	**(9,975)**	(9,963)
Net assets		**106,711**	105,957
Share capital and reserves			
Called-up share capital	14	**21,166**	21,166
Share premium account	2	**–**	49,952
Special reserve	2	**49,952**	–
Capital reserve	15	**28,055**	27,451
Revenue reserve		**7,538**	7,388
Equity shareholders' funds		**106,711**	105,957
Net asset value per Ordinary share (pence)	16	**265.23**	256.00

[A] The prior year balance for the revolving credit facility has been reclassified from current to non-current liabilities. See note 2 (a).

The financial statements were approved by the Board of Directors and authorised for issue on 28 May 2025 and were signed on its behalf by:

Robin Archibald
Chairman

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

Statement of Changes in Equity

Year ended 31 March 2025

	Note	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2024		21,166	49,952	–	27,451	7,388	105,957
Repurchase of Ordinary shares for treasury		–	–	–	(2,849)	–	(2,849)
Cancellation of share premium account	2	–	(49,952)	49,952	–	–	–
Profit for the year		–	–	–	3,453	6,097	9,550
Equity dividends	9	–	–	–	–	(5,947)	(5,947)
As at 31 March 2025		21,166	–	49,952	28,055	7,538	106,711

Year ended 31 March 2024

	Note	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2023		15,532	21,411	–	35,930	7,040	79,913
Issue of shares on the aSCIT transaction	22	5,634	29,594	–	–	–	35,228
Cost of shares issued in respect of the aSCIT transaction	22	–	(1,053)	–	–	–	(1,053)
Repurchase of Ordinary shares for treasury		–	–	–	(1,939)	–	(1,939)
(Loss)/profit for the year		–	–	–	(6,540)	5,068	(1,472)
Equity dividends	9	–	–	–	–	(4,720)	(4,720)
As at 31 March 2024		21,166	49,952	–	27,451	7,388	105,957

The Company has aggregate realised and distributable reserves of £81,873,000 as at 31 March 2025 (2024 – £32,219,000), comprising a special reserve of £49,952,000, the realised gains element of the capital reserve of £24,383,000 (2024 – £24,831,000) and a revenue reserve of £7,538,000 (2024 – £7,388,000).

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

Cash Flow Statement

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Net cash inflow from operating activities		
Dividend income received	**7,183**	6,171
Interest income received	**8**	31
Options premium received	**–**	35
Interest received from money market funds	**31**	31
Management fee paid	**(439)**	(397)
Other cash expenses	**(483)**	(539)
Cash generated from operations	**6,300**	5,332
Interest paid	**(1,008)**	(991)
Overseas tax paid	**(119)**	(140)
Net cash inflows from operating activities	**5,173**	4,201
Cash flows from investing activities		
Purchases of investments	**(58,872)**	(43,873)
Sales of investments	**62,170**	44,372
Net cash inflow from investing activities	**3,298**	499
Cash flows from financing activities		
Equity dividends paid	**(5,947)**	(4,720)
Repurchase of Ordinary shares to Treasury	**(2,872)**	(1,838)
Net cash acquired and received following the aSCIT transaction	**–**	3,444
Cost of shares issued in respect of the aSCIT transaction	**–**	(1,031)
Net cash outflow from financing activities	**(8,819)**	(4,145)
(Decrease)/increase in cash and cash equivalents	**(348)**	555
Reconciliation of net cash flow to movements in cash and cash equivalents		
(Decrease)/increase in cash and cash equivalents as above	**(348)**	555
Net cash and cash equivalents at start of year	**1,675**	1,176
Effect of foreign exchange rate changes	**(5)**	(56)
Net cash and cash equivalents at end of year	**1,322**	1,675

Notes to the Financial Statements

For the year ended 31 March 2025

1. Principal activity.

The Company is a closed-end investment company, registered in England and Wales No. 00386561, with its Ordinary shares listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of accounting. The financial statements of the Company have been prepared in accordance with UK adopted International Accounting Standards ("IAS") .

In preparing these financial statements the Directors have considered the impact of climate change risk as an emerging risk as set out on page 13, and have concluded that it does not have a material impact on the Company's investments. In line with IAS, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the Balance Sheet date and therefore reflect market participants view of climate change risk.

The Company's financial statements are presented in sterling, which is also the functional currency as it is the currency in which shares are issued and expenses are generally paid. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP"): 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ("AIC"), is consistent with the requirements of IAS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP issued in July 2022.

Going concern. The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange. The Board has performed stress testing and liquidity analysis on the portfolio and considers that, in most foreseeable circumstances, the majority of the Company's investments are realisable within a relatively short timescale. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants, including the headroom available. At the year end, the Company had a £20 million loan facility which is due to mature in May 2027. Having taken these factors into account, the Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for the period to 30 June 2026, which is at least twelve months from the date of approval of this Report. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies and are continually evaluated. The Directors do not consider there to be any significant judgements and estimates within the financial statements for the year ended 31 March 2025. Special dividends are assessed and credited to capital or revenue according to their circumstances.

New and amended accounting standards and interpretations. At the date of authorisation of these financial statements, the following amendments to Standards and Interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2024:

- IAS 1 Amendments (Classification of Liabilities as Current or Non-Current) (effective from 1 January 2024) This has led to classifying the Company's revolving credit facility as non-current. Accordingly, the prior year balance of £9,000,000 has been reclassified from current to non-current.

- IAS 1 Amendments (Non-Current Liabilities with Covenants) (effective from 1 January 2024)

Future new standards and amendments to standards and interpretations. At the date of authorisation of these financial statements, the following amendments to Standards and Interpretations were assessed to be relevant and are all effective for annual periods beginning on or after 1 January 2025;

– Annual Improvements 2023-24 (Minor amendments to IFRS 1, 7, 9, 10 and IAS 7) (effective from 1 January 2026)

– IFRS 7 and 9 Amendments (Classification and Measurement of Financial Instruments) (effective from 1 January 2026)

– IFRS 18 (Presentation and Disclosure in Financial Statements) (effective from 1 January 2027)

The Company intends to adopt the Standards and Interpretations in the reporting period when they become effective and the Board does not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the Company's financial results in the period of initial application although there may be revised presentations to the Financial Statements and additional disclosures.

(b) **Investments**. All investments are evaluated and managed on a fair value basis and are therefore classified as FVTPL ("Fair Value Through Profit or Loss").

Investments are recognised and de-recognised at the 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 at fair value. For listed investments, this is deemed to be bid market closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange.

Gains and losses arising from the changes in fair value are included in net profit or loss for the period as a capital item. Transaction costs are treated as a capital cost.

(c) **Income**. Dividend income from equity investments, which have a discretionary dividend, is recognised when the shareholders' rights to receive payment have been established, normally the ex-dividend date. Special dividends are allocated to revenue or capital based on their individual merits.

If a scrip dividend is taken in lieu of a cash dividend, the net amount of the cash dividend declared is credited to the revenue account. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital.

Interest from deposits and interest from debt securities which do not have a discretionary dividend are accounted for on an accruals basis.

The premium received from traded options and other income, including fees receivable, is recognised in the revenue column of the Statement of Comprehensive Income.

(d) **Expenses.** All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except those where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. With effect from 1 April 2024, the management fee and finance costs have been allocated 40% to revenue and 60% to capital, previously 50% to revenue and 50% to capital, in order to reflect the Directors' expected long-term view of the nature of the future investment returns of the Company following the merger with abrdn Smaller Companies Investment Trust plc.

Notes to the Financial Statements
Continued

(e) Borrowings. Both short-term and long-term borrowings, which comprise interest bearing bank loans are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses and subsequently measured at amortised cost using the effective interest method. The finance costs, being the difference between the net proceeds of borrowings and the total amount of payments that require to be made in respect of those borrowings, are amortised over the life of the borrowings.

(f) Taxation. The 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 expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company has no liability for current tax.

Deferred tax is recognised in respect of all temporary differences at the Balance Sheet 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 Balance Sheet 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 temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise, using tax rates that are expected to apply at the date the deferred tax position is unwound.

Owing to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

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

(h) Derivatives. The Company may enter into certain derivatives (e.g. traded options). Traded option contracts are restricted to writing out-of-the-money options with a view to generating income. Premiums received on traded option contracts are recognised as income evenly over the period from the date they are written to the date when they expire or are exercised or assigned. Losses on any movement in the fair value of open contracts at the year end and on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income as they arise.

(i) Cash and cash equivalents. Cash and cash equivalents comprise cash in hand and at banks and short-term deposits with an original maturity of less than 90 days.

(j) Other receivables. Financial assets classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. As such they are measured at amortised cost. Other receivables do not carry any interest, they have been assessed for any expected credit losses over their lifetime due to their short-term nature.

(k) Other payables. Payables are non-interest bearing and are stated at their undiscounted cash flows.

(l) Dividends payable. Final dividends are recognised from the date on which they are approved by shareholders. Interim dividends are recognised when paid.

(m) Nature and purpose of reserves

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares. This reserve was cancelled during the year.

Special reserve. During the year, the Court approved the creation of a special reserve by way of cancelling the balance in the share premium account of £49,952,000. This reserve is available for the Company to distribute to shareholders, including by way of share buybacks and dividends.

Capital reserve. This reserve reflects any realised gains or losses in the period together with any unrealised increases and decreases 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 (d) above.

The capital reserve, to the extent that the gains are deemed realised, is distributable, including by way of share buybacks and dividends.

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 is distributable, including by way of dividend.

(n) 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.

3. Income

	2025 £'000	2024 £'000
Income from listed investments		
UK dividend income	**5,670**	5,254
Overseas dividend income	**1,172**	1,048
Interest from investment in money market funds	**31**	31
UK fixed interest investment income	**323**	28
	7,196	6,361
Other income from investment activity		
Deposit interest	**8**	34
Traded option premiums	**–**	34
Other income	**92**	–
Total income	**7,296**	6,429

Notes to the Financial Statements

Continued

4. Management fees

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fees	**261**	**392**	**653**	210	210	420

The management fee is based on 0.45% per annum up to £100 million and 0.40% 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. In addition, with effect from 1 December 2023, a further fee of £120,000 per annum is charged for other services provided under the terms of the management agreement. The fee is allocated 40% to revenue and 60% to capital (31 March 2024 – 50% to revenue and 50% to capital). The management agreement is terminable on not less than six months' notice. For the period 1 December 2023 to 30 May 2024, there was a management fee waiver in place as a result of the transaction with abrdn Smaller Companies Income Trust plc ("aSCIT"). For this period the fee was calculated at 0.29% per annum of net assets up to £100 million and 0.26% per annum of net assets over this threshold. After this waiver period ended the fee returned to the existing fee rates. Should the Company terminate the management agreement within three years of the date of the transaction with aSCIT (ie before 1 December 2026), then the Company undertakes to repay all of the management fees waived by the Manager. For the period to 31 March 2025 the value of the management fee waiver was calculated to be £33,000 (2024 – £65,000). The total of the fees paid and payable during the year to 31 March 2025 was £653,000 (2024 – £420,000) and the balance due to abrdn Fund Managers Limited ("aFML") at the year end was £341,000 (2024 – £127,000).

5. Administrative expenses

	2025 £'000	2024 £'000
Directors' remuneration	**149**	141
Auditor's remuneration: fees payable to the Company's Auditor for the audit of the Company's annual accounts	**57**	60
Promotional activities	**55**	50
Professional fees	**2**	25
Directors' & Officers' liability insurance	**11**	11
Trade subscriptions	**32**	29
Share plan costs	**–**	30
Registrar's fees	**47**	39
Printing, postage and stationery	**12**	28
Custody fees	**12**	11
Other administrative expenses	**51**	81
	428	505
Capital administrative expenses – professional fees	**19**	24
	447	529

The management agreement with aFML also provides for the provision of promotional activities, which aFML has delegated to abrdn Investments Limited. The total fees payable under the management agreement in relation to promotional activities were £55,000 (2024 – £50,000) with a balance due to aFML at the year end of £15,000 (2024 – £19,000). The Company's management agreement with aFML also provides for the provision of company secretarial and administration services to the Company. No separate fee is charged to the Company in respect of these services, which have been delegated to abrdn Holdings Limited. Share plan costs for the year decreased to £nil following the cessation of the Aberdeen share plan during the year ended 31 March 2024.

6. Directors' remuneration

The Company had no employees during the year (2024 - none). No pension contributions were paid for Directors (2024 - £nil). Further details on Directors' Remuneration can be found in the Directors' Remuneration Report on pages 56 to 59.

7. Finance costs

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
On bank loans	**402**	**603**	**1,005**	502	502	1,004

8. Taxation

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of the charge for the year						
Overseas tax	**108**	**-**	**108**	144	–	144
Total tax charge	**108**	**-**	**108**	144	–	144

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(b) Factors affecting the tax charge for the year. The tax assessed for the year is lower than the effective rate of corporation tax in the UK. The differences are explained in the reconciliation below:

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before taxation	**6,205**	**3,453**	**9,658**	5,212	(6,540)	(1,328)
Corporation tax at an effective rate of 25% (2024 - 25%)	**1,551**	**864**	**2,415**	1,303	(1,635)	(332)
Effects of:						
Non-taxable UK dividend income	**(1,448)**	**-**	**(1,448)**	(1,329)	-	(1,329)
Excess management expenses not utilised	**146**	**248**	**394**	251	184	435
Expenses not deductible for tax purposes	**2**	**4**	**6**	3	-	3
Overseas withholding tax	**108**	**-**	**108**	144	-	144
Non-taxable overseas dividends	**(251)**	**-**	**(251)**	(228)	-	(228)
(Gains)/losses on investments not taxable	**-**	**(1,118)**	**(1,118)**	-	1,437	1,437
Losses on currency movements	**-**	**2**	**2**	-	14	14
Total tax charge	108	-	108	144	-	144

At 31 March 2025 the Company had surplus management expenses and loan relationship debits with a tax value of £8,402,000 based on a corporation tax rate of 25% (2024 - £8,008,000 based on a corporation tax rate of 25%) in respect of which a deferred tax asset has not been recognised. This is because the Company is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, it is unlikely that the Company will be able to reduce future tax liabilities through the use of existing surplus expenses.

9. Dividends

	2025 £'000	2024 £'000
Amounts recognised as distributions to equity holders in the period:		
Third interim dividend for 2024 of 3.20p (2023 – 3.20p) per share	**1,324**	991
Final dividend for 2024 of 4.80p (2023 – 4.60p) per share	**1,986**	1,425
First two interim dividends for 2025 totalling 6.40p (2024 – 6.40p) per share	**2,641**	2,308
Refund of unclaimed dividends from previous periods	**(6)**	(6)
	5,945	4,718
3.5% Cumulative Preference shares	**2**	2
Total	**5,947**	4,720

The third interim dividend of 3.20p for the year to 31 March 2025, which was paid on 30 April 2025, and the proposed final dividend of 5.20p for the year to 31 March 2025, payable on 31 July 2025, have not been included as liabilities in these financial statements.

Set out below are the total Ordinary dividends payable in respect of the financial year, which is the basis on which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered:

	2025 £'000	2024 £'000
Three interim dividends for 2025 totalling 9.60p (2024 – 9.60p) per share	**3,926**	3,632
Proposed final dividend for 2025 of 5.20p (2024 – 4.80p) per share	**2,084**	1,986
	6,010	5,618

The amount reflected above for the cost of the proposed final dividend for 2025 is based on 40,083,317 Ordinary shares, being the number of Ordinary shares in issue at the date of this Report.

10. Earnings per Ordinary share

	2025 £'000	2024 £'000
Earnings per Ordinary share are based on the following figures:		
Revenue return	**6,097**	5,068
Capital return	**3,453**	(6,540)
Total return	**9,550**	(1,472)
Weighted average number of Ordinary shares	**41,196,795**	34,363,846

During the year and preceding years there were no potentially dilutive shares in issue.

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11. Non-current assets – Securities at fair value

	2025 Listed investments £'000	2024 Listed investments £'000
Opening book cost	**119,549**	89,610
Opening investment holdings gains	**2,620**	7,045
Opening valuation	**122,169**	96,655
Assets acquired in relation to the aSCIT transaction	**–**	31,761
Purchases	**58,872**	43,873
Sales – proceeds	**(62,170)**	(44,372)
Gains/(losses) on investments	**4,472**	(5,748)
Total investments held at fair value through profit or loss	**123,343**	122,169

	2025 Listed investments £'000	2024 Listed investments £'000
Closing book cost	**119,671**	119,549
Closing investment holdings gains	**3,672**	2,620
Total investments held at fair value through profit or loss	**123,343**	122,169

Gains/(losses) on investments	2025 £'000	2024 £'000
Net realised gains/(losses) on sales of investments[A]	**3,420**	(1,202)
Cost of call options exercised	**–**	(121)
Net realised gains/(losses) on sales	**3,420**	(1,323)
Movement in fair value of investments	**1,052**	(4,413)
Cost of put options assigned	**–**	(12)
	4,472	(5,748)

[A] Includes losses realised on the exercise of traded options of £nil (2024 – £133,000) which are reflected in the capital column of the Statement of Comprehensive Income. There were no call or put options written during the year ended 31 March 2025.

The cost of exercising of call options and assigning put options is the difference between the market price of the underlying shares and the strike price of the options. The premiums earned on options expired, exercised or assigned of £nil (2024 – £34,000) have been dealt with in the revenue account.

The movement in the fair value of traded option contracts has been calculated in accordance with the accounting policy stated in note 2(h) and has been charged to the capital reserve.

The Company received £62,170,000 (2024 – £44,372,000) from investments sold in the period. The book cost of these investments when they were purchased was £58,750,000 (2024 – £45,695,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

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 on purchases of investments in the year was £246,000 (2024 – £182,000). The total costs on sales of investments in the year was £25,000 (2024 – £15,000). The above transaction costs are calculated in line with the AIC SORP.

At 31 March 2025 the Company held the following investments comprising more than 3% of the class of share capital held:

Company	Country of Incorporation	Number of shares held	Class of shares held	Class held %
Ecclesiastical Insurance Office	England	4,490,000	8 5/8% Cum Pref	4.2

12. Other receivables

	2025 £'000	2024 £'000
Accrued income and prepayments	**1,658**	1,567
	1,658	1,567

None of the above amounts are overdue.

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13. Liabilities

	2025 £'000	2024 £'000
Amounts due to brokers relating to buyback of Ordinary shares for Treasury	**78**	101
Other creditors	**559**	390
	637	491

Included above are the following amounts owed to aFML for management and savings scheme services and for the promotion of the Company.

	2025 £'000	2024 £'000
Other creditors	**356**	160

Non-current liabilities	2025 £'000	2024 £'000
Revolving credit facility	**9,000**	9,000
Long-term bank loan	**10,000**	10,000
Loan arrangement fees	**(25)**	(37)
	18,975	18,963

On 3 May 2022, the Company entered into a five year £20 million loan facility with The Royal Bank of Scotland International Limited, London Branch. £10 million of the loan facility has been drawn down and fixed at an all-in interest rate of 3.903% until 30 April 2027. £9 million of the facility has been drawn down on a short-term basis at an all-in interest rate of 6.12%, maturing 14 April 2025. At the date this Report was approved £9 million of the facility had been drawn down on a short-term basis at a rate of 6.122%, maturing on 16 June 2025.

The terms of The Royal Bank of Scotland International Limited facility contain covenants that consolidated gross borrowings do not exceed 33% of the adjusted portfolio value ("Securities at fair value" per the Balance Sheet adjusted for any ineligible investments) at any time, the number of eligible investments shall not be less than 30 at any time and the portfolio value shall at all times be equal to or more than £40 million. The Company met these covenants during the year and following the year end.

The arrangement expenses incurred on the drawdown of the loan are amortised over the term of the loan.

14. Called up share capital

	2025		2024	
	Number	£'000	Number	£'000
Allotted, called up and fully paid Ordinary shares of 50 pence each:				
Balance brought forward	**41,369,542**	**20,684**	30,964,580	15,482
Ordinary shares issued	**–**	**–**	11,268,494	5,634
Ordinary shares bought back to Treasury in the year	**(1,154,946)**	**(577)**	(863,532)	(432)
Balance carried forward	**40,214,596**	**20,107**	41,369,542	20,684
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
		20,157		20,734

Treasury shares:				
Balance brought forward	**863,532**	**432**	–	–
Ordinary shares bought back to Treasury in the year	**1,154,946**	**577**	863,532	432
Balance carried forward	**2,018,478**	**1,009**	863,532	432

The Company acquired £35,228,000 of net assets from abrdn Smaller Companies Income Trust plc ("aSCIT") following approval by aSCIT shareholders on 1 December 2023. The transaction resulted in the issue of 11,268,494 new Ordinary shares to aSCIT shareholders.

During the year 1,154,946 (2024 – 863,532) Ordinary shares were bought back into Treasury representing 2.8% (2024 – 2.1%) of the Company's total issued share capital at a total cost of £2,849,000 (2024 – £1,939,000).

Each Ordinary and Cumulative Preference share carries one vote at general meetings of the Company. The Cumulative Preference shares are considered to be equity. They have no fixed redemption date, carry a right to receive a fixed rate of dividend and, on a winding up of the Company, to the payment of such fixed cumulative preferential dividends to the date of such winding up and to the repayment of the capital paid up on such shares in priority to any payment to the holders of the Ordinary shares.

The Ordinary shares, excluding any treasury shares, carry a right to receive dividends and, 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 or Cumulative Preference shares in the Company other than certain restrictions which may from time to time be imposed by law.

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15. Capital reserve

	2025 £'000	2024 £'000
At 31 March 2024	**27,451**	35,930
Net gains/(losses) on sales of investments during year	**3,420**	(1,323)
Movement in fair value decreases of investments	**1,052**	(4,425)
Buyback of Ordinary shares for treasury	**(2,849)**	(1,939)
Management fees	**(392)**	(210)
Administrative expenses	**(19)**	(24)
Interest on bank loans	**(603)**	(502)
Currency losses	**(5)**	(56)
At 31 March 2025	**28,055**	27,451

The capital reserve includes gains of £3,672,000 (31 March 2024 – gains of £2,620,000), which relate to the revaluation of investments held at the reporting date.

16. Net asset value per Ordinary share

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

	2025	2024
Net assets per Balance Sheet	**£106,711,000**	£105,957,000
3.5% Cumulative Preference shares of £1 each	**£50,000**	£50,000
Attributable net assets	**£106,661,000**	£105,907,000
Number of Ordinary shares in issue	**40,214,596**	41,369,542
Net asset value per share	**265.23p**	256.00p

17. Analysis of changes in financial liabilities during the year

Financing activities	At 31 March 2024 £'000	Cash flows £'000	Other movements[A] £'000	At 31 March 2025 £'000
Debt due after more than one year	**(18,963)**	**–**	**(12)**	**(18,975)**
	(18,963)	**–**	**(12)**	**(18,975)**

Financing activities	At 31 March 2023 £'000	Cash flows £'000	Other movements[A] £'000	At 31 March 2024[A] £'000
Debt due after more than one year	(18,951)	–	(12)	(18,963)
	(18,951)	–	(12)	(18,963)

[A] The other movements column represents the amortisation of the loan arrangement fees.
[B] The prior year balance for the revolving credit facility has been reclassified from current to non-current liabilities. See note 2 (a).

18. 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 comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The Company may also, subject to Board approval, enter into derivative transactions, in the form of traded options, for the purpose of enhancing income returns and portfolio management. The risks associated with these option contracts are detailed on page 11. During the previous year, the Company entered into certain derivative contracts but not in the year ended 31 March 2025. As disclosed in note 3, the premium received and fair value changes in respect of options written in the previous year were £34,000. Positions closed during the previous year realised a loss of £133,000. The largest position in derivative contracts held during the previous year at any given time was £35,000. The Company had no open positions in derivative contracts at 31 March 2025 (2024 – nil).

The Board has delegated the risk management function in relation to financial instruments to abrdn Fund Managers Limited ("aFML") under the terms of its management agreement with aFML (further details of which are included under note 4). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors given their relatively low value.

Risk management framework. The directors of 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.

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aFML is a fully integrated member of the Aberdeen Group (the "Group"), which provides a variety of services and support to aFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM 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). The AIFM 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 Group's CEO and to the Audit Committee of the Group's Board of Directors. 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 Group's CEO. 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 Aberdeen, 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 on the committees' terms of reference.

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

(i) **Market risk.** The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

Interest rate risk. Interest rate movements may affect:

– the fair value of the investments in convertibles and preference shares;

– the level of income receivable on cash deposits; and

– interest payable on the Company's variable rate borrowings.

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.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. The fixed rate facilities are used to finance opportunities at low rates and, the revolving and uncommitted facilities to provide flexibility in the short-term. Current bank covenants state that the gross borrowings will not exceed one-third of adjusted portfolio value.

The Board reviews the value of investments in preference shares on a regular basis.

Interest rate profile. The interest rate risk profile of the portfolio of financial assets and liabilities (excluding ordinary shares) at the Balance Sheet date was as follows:

As at 31 March 2025	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
UK preference shares	–	7.16	23,473	–
Cash and cash equivalents	–	4.06	–	1,322
Total assets			23,473	1,322
Liabilities				
Revolving credit facility	0.04	6.12	(9,000)	–
Long-term bank loan	2.08	3.90	(9,975)	–
Total liabilities			(18,975)	–

As at 31 March 2024	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
UK preference shares	–	8.62	24,195	–
Cash and cash equivalents	–	5.35	–	1,675
Total assets			24,195	1,675
Liabilities				
Revolving credit facility	0.01	6.84	(9,000)	–
Long-term bank loan	3.09	3.90	(9,963)	–
Total liabilities			(18,963)	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans.

The cash assets consist of cash deposits on call earning interest at prevailing market rates.

The UK preference shares assets have no maturity date.

Short-term debtors and creditors (with the exception of bank loans) have been excluded from the above tables.

Interest rate sensitivity. The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the Balance Sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 200 basis points higher or lower and all other variables were held constant, the Company's:

- profit before tax for the year ended 31 March 2025 would increase/decrease by £26,000 (2024 - £34,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances. These figures have been calculated based on cash positions at each year end.

- the capital return would decrease/increase by £3,369,000 (2024 - increase/decrease by £3,300,000) using VaR ("Value at Risk") analysis based on 100 observations of monthly VaR computations of fixed interest portfolio positions at each year end.

Currency risk. A small proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in exchange rates.

Management of the risk. The revenue account is subject to currency fluctuations arising on dividends received in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company does not hedge this currency risk. The Company does not have any exposure to foreign currency liabilities. No currency sensitivity analysis has been prepared as the Company considers any impact to be immaterial to the financial statements.

Price risk. Price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted 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 specific sectors and the stock selection process 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. The investments held by the Company are listed on recognised stock exchanges.

Price sensitivity. If market prices at the Balance Sheet date had been 20% higher or lower while all other variables remained constant, the profit before tax attributable to Ordinary shareholders for the year ended 31 March 2025 would have increased/decreased by £19,974,000 (2024 - increase/decrease of £19,595,000). This is based on the Company's portfolio of Ordinary shares held at each year end.

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

Management of the risk. Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

Short-term flexibility is achieved through the use of loan facilities, details of which can be found in note 13. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise a revolving loan facility and a fixed term loan facility. The Board has imposed a maximum equity gearing level of 35% which constrains the amount of gearing that can be invested in equities which, in normal market conditions, are more volatile than the preference shares within the portfolio. Details of borrowings at 31 March 2025 are shown in note 13.

Maturity profile. The maturity profile of the Company's financial liabilities at the Balance Sheet date, with amounts undiscounted and order by contractual maturity, was as follows:

At 31 March 2025	Within 1 year £'000	Within 1-5 years £'000	More than 5 years £'000
Trade and other payables	**(637)**	**–**	**–**
Revolving credit facility	**(48)**	**(9,000)**	**–**
Long-term bank loan	**(391)**	**(10,482)**	**–**
	(1,076)	**(19,482)**	**–**

At 31 March 2024	Within 1 year £'000	Within 1-5 years £'000	More than 5 years £'000
Trade and other payables	(491)	–	–
Revolving credit facility[A]	(52)	(9,000)	–
Long-term bank loan	(389)	(10,873)	–
	(932)	(19,873)	–

[A] The prior year balance for the revolving credit facility has been reclassified from current to non-current liabilities. See note 2 (a).

(iii) Credit risk. This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Management of the risk. The risk is managed as follows:

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

- 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 large number of brokers, whose credit-standing is reviewed periodically by the investment 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 review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the Custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Group's Compliance carries out periodic reviews of the Custodian's operations and reports its findings to the Aberdeen Group's Risk Management Committee and to the Board of the Company. This review will also include checks on the maintenance and security of investments held;

- transactions involving derivatives and other arrangements wherein the creditworthiness of the entity acting as broker or counterparty to the transaction is likely to be of sustained interest are subject to rigorous assessment by the Investment Manager of the credit worthiness of that counterparty. The Company's aggregate exposure to each such counterparty is monitored regularly by the Board; and

- cash is held only with reputable banks with high quality external credit enhancements.

It is the Investment Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

None of the Company's financial assets are secured by collateral or other guarantees or assurances.

Credit risk exposure. In summary, compared to the amounts in the Balance Sheet, the maximum exposure to credit risk at 31 March 2025 and 31 March 2024 was as follows:

	2025		2024	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Quoted preference shares at fair value through profit or loss	**23,473**	**23,473**	24,195	24,195
Current assets				
Accrued income	**1,658**	**1,658**	1,567	1,567
Cash and cash equivalents	**1,322**	**1,322**	1,675	1,675
	26,453	**26,453**	27,437	27,437

None of the Company's financial assets is past its due date.

Fair value of financial assets and liabilities. The fair value of the long-term loan has been calculated at £9,747,000 as at 31 March 2025 (2024 - £9,619,000) compared to an accounts value in the financial statements of £9,975,000 (2024 - £9,963,000) (note 13). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. The loan is considered to be classed as a Level 2 liability under IFRS 13. The carrying values of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices. Traded options contracts are valued at fair value which have been determined with reference to quoted market values of the contracts. The contracts are tradeable on a recognised exchange. For all other short-term debtors and creditors, their book values approximate to fair values because of their short-term maturity.

19. Fair value hierarchy

IFRS 13 'Financial 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 (i.e. as prices) or indirectly (i.e. 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 Balance Sheet are grouped into the fair value hierarchy at 31 March 2025 as follows:

As at 31 March 2025	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	**123,343**	**-**	**-**	**123,343**
Net fair value		**123,343**	**-**	**-**	**123,343**

As at 31 March 2024	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted investments	a)	122,169	-	-	122,169
Net fair value		122,169	-	-	122,169

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.

20. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and

- to maximise the return to its equity shareholders through an appropriate balance of equity capital and debt.

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Board monitors and reviews the broad structure of the Company's capital. This review includes the nature and planned level of gearing, which takes account of the Investment Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

Continued

21. Related party transactions

Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on pages 56 to 59.

Transactions with the Manager. The Company has an agreement with the Aberdeen Group for the provision of management, secretarial, accounting and administration services and for the carrying out of promotional activities in relation to the Company. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 4 and 5.

22. Transaction with abrdn Smaller Companies Investment Trust plc ("aSCIT")

On 1 December 2023, the Company announced that it had acquired £35,228,000 of net assets from aSCIT in consideration for the issue of 11,268,494 new Ordinary shares as part of a recommended s110 Scheme under the Insolvency Act. The scheme, inter alia, involved the cancellation of the Company's existing holding in the issued capital of aSCIT, and a formula asset value ("FAV") calculation to take account the costs of the transaction in computing the number and value of shares to be issued by the Company and assets transferred under the Scheme, as well as the value of cash exit for aSCIT shareholders which was at a discount to the FAV.

Net assets acquired	**£'000**
Investments	31,779
Cash	3,444
Debtors	5
Net assets	35,228
Satisfied by the value of new Ordinary shares issued	**35,228**

23. Subsequent events

Subsequent to the year end the Company has bought back a further 131,279 Ordinary shares into Treasury at a cost of £333,000.

Corporate Information

The Company's Investment Manager is a wholly-owned subsidiary of Aberdeen. The Aberdeen Group's assets under management and administration were £500.1 billion as at 31 March 2025.

Information about the Investment Manager

Aberdeen Group

The Company's Investment Manager is abrdn Investments Limited which is a wholly-owned subsidiary of Aberdeen Group plc. The Aberdeen Group's assets under management and administration were £500.1 billion as at 31 March 2025, managed for a range of clients including 12 UK-listed closed-end investment companies.

The Investment Team Senior Managers

Iain Pyle

Senior Investment Director, UK Equities

Iain is a Senior Investment Director in the UK Equities team, having joined Aberdeen in 2015. Prior to joining, he was an analyst on the top-ranked Oil & Gas research team at Sanford Bernstein. Iain graduated with a MEng degree in Chemical Engineering from Imperial College and an MSc (Hons) in Operational Research from Warwick Business School. He is a Chartered Accountant and a CFA Charterholder.

Charles Luke

Senior Investment Director, UK Equities

Charles is a Senior Investment Director in the UK Equities team. He joined Aberdeen's Pan European Equities team in 2000 and previously worked at Framlington Investment Management. He has a BA in Economics and Japanese Studies from Leeds University and an MSc in Business and Economic History from the London School of Economics.

Investment Process

Investment Philosophy and Style

The Investment Manager believes that company fundamentals ultimately drive share prices but are often priced inefficiently. It believes that in-depth company research delivers insights that can be used to exploit these market inefficiencies. The Investment Manager focuses on investing in high-quality companies, with the market often underestimating the sustainability of their returns. Quality companies tend to produce more resilient earnings streams with fewer tail risks, allowing them to better navigate challenging market conditions whilst also capitalising on opportunities to create value. This makes the approach well suited to identifying companies with sustainable and growing income generation. Investment insights are generated by the extensive equity research platform at Aberdeen. Ideas are generated through frequent direct company contact, deep fundamental analysis and integrated ESG analysis with rigorous team debate strengthening analytical conclusions. The Investment Manager has a long-term approach, aiming to buy and hold companies for a multi-year time horizon although it has the ability to react quickly if necessary. The Investment Manager is willing to take sizeable deviations to the benchmark based on the companies where it finds the highest quality and most attractive valuations.

Investment Process

The investment process has three stages:

1. **Idea Generation and Research**. Comprehensive coverage of the UK equity market with a team of analysts generating investment ideas from company meetings, combined with corroborating evidence from competitors, suppliers and customers. External secondary research is also generated to gain insight on the consensus view and supplement proprietary research.
2. **Stock Selection**. Buy ideas are peer reviewed by the whole UK Equity team, evaluating the level of conviction and the materiality, corroboration and correlation of those investment opportunities. For the Company specifically, the Investment Manager aims to select high-quality companies. Quality is defined by reference to management, business focus, balance sheet and corporate governance.
3. **Portfolio Construction and Risk Management**. Portfolio construction is undertaken in a disciplined way, prioritising the taking of company specific risk with a rigorous sell discipline. Non-proprietary and proprietary quantitative tools are used to identify and control risk factor exposures, including sector and geographic weights.

The Investment Manager believes that good investment decision-making requires clarity of responsibility for those decisions. Every holding has a named analyst responsible for its coverage, and every portfolio has a named fund manager responsible for its management. They make those decisions supported and challenged by the team, but accountability for the final decision is clear.

The investment process also leverages a wealth of knowledge, insight and expertise across asset classes and regions within Aberdeen. This allows the fund manager to take advantage of equity colleagues across the globe who are meeting companies and conducting research and sharing their insights using one common global research platform. This is invaluable when investing in the UK equity market, which is one of the most global markets in the world. Corporate level insights are shared with the credit team which enriches the equity view through an understanding of the full capital structure of the businesses invested in. Members of the Investment Manager's multi-asset and economics teams regularly attend the equity team's daily meeting to share macro level insights.

Approach to Income

The primary aim of the Company is to deliver a high level of income with the capacity for growth of both income and capital over time. Consideration of income therefore plays an important part in the Investment Manager's process. Research analysts are required to consider the prospects for dividend affordability and growth for each company under coverage within the research process. For stock selection, the Investment Manager pays particular attention to measures relevant for income such as: cash flow outlook, balance sheet strength and intention to pay dividends. The Investment Manager looks for investment cases that deliver returns from income in a number of ways: high yielding companies with potential for yield compression; stable high yield companies to deliver resilient income; and growing companies with the potential for capital and dividend growth over time. Portfolio construction considers the required level of income to fund and, over time, grow the Company's dividend and the overall risk profile required to achieve this. Investment ideas and portfolio construction are reviewed by a group of income portfolio managers with significant experience in UK equity income.

Investment Process

Continued

Preference Shares

Given the importance of the Preference Share portfolio to the Company, there is an additional process in place to monitor these holdings. Regular meetings are held, comprising analysts from the fixed income and equity teams responsible for coverage of issuing companies, along with the portfolio managers. The process ensures that the holdings are monitored closely and that there is timely visibility on any changes at issuing companies which could potentially impact their ability or intention to pay the dividends associated with the preference shares.

Risk Management

The Investment Manager utilises a number of quantitative risk tools to ensure it is fully aware of, and understands, all the risks prevalent in portfolios it manages. These risk management systems monitor and analyse active risk, the composition of portfolio positions, as well as contribution to risk and marginal contribution to risk of the portfolio's holdings. The systems break down the risk within the portfolio by industry and country factors, and highlight the holdings with the highest marginal contribution to risk and the largest diversification benefit. Sector, thematic and geographical positions are a residual of stock selection decisions, but are monitored to ensure excessive risk is not taken in any one area. The Investment Manager also makes use of pre-trade analytics to assess the impact of any trades on the portfolio risk metrics.

The Investment Process – Accountability and Performance Evaluated at Each Stage of the Process

The Investment Manager's Approach to ESG

The Board relies on the Investment Manager to apply appropriate Environment, Social and Governance ("ESG") principles to how the portfolio is constructed and managed within the confines of the Company's investment objective and policy. Having an income objective means that the Company needs to acquire investments which typically provide a higher than average yield which in some cases means more exposure to older industries such as energy and consumables but, even here, ESG principles are applied in deciding on a specific investment within these more mature industries as it is evident that the possibility of engagement by the Investment Manager can lead to changes to their business models to account for social and environmental responsibilities, irrespective of government interventions.

Core beliefs: Assessing Risk, Enhancing Value

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the consideration of ESG factors is part of the Investment Manager's process and has been so for over 30 years. It is one of the key criteria on which the Investment Manager assesses the investment case for any company in which it invests for three key reasons as set out in the table below.

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 these factors seriously tend to outperform those that do not.
Fuller Insight	Systematically assessing a company's 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.

Although the Investment Manager considers ESG factors as part of the investment process, the Company does not have any binding ESG commitments and does not promote any ESG characteristics as part of its investment objective.

Investment Process

Continued

Researching Companies: Deeper Company Insights for Better Investor Outcomes

The Investment Manager conducts extensive and high-quality fundamental and first-hand research to fully understand the investment case for every company in its global universe. A key part of the Investment Manager's research involves focusing its extensive resources on analysis of ESG issues. As set out in more detail in the table below, the Investment Manager's portfolio managers, ESG equity analysts and central ESG Investment Team collaborate to generate a deep understanding of the ESG risks and opportunities associated with each company. Stewardship and active engagement with companies are also fundamental to the investment process, helping to produce positive outcomes that lead to better risk-adjusted returns.

Portfolio Managers	All of the Investment Manager's equity portfolio managers 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.
Equity Analysts	The Investment Manager has dedicated and highly experienced equity analysts located across the UK, US and Asia. 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 reviewing thematic research produced by the central ESG Investment Team (see below), 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 consultancy and insight for all asset classes. Taking a global approach both identifies regions, industries and sectors that are most vulnerable to 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.

Working with Companies: Staying Engaged, Driving Change

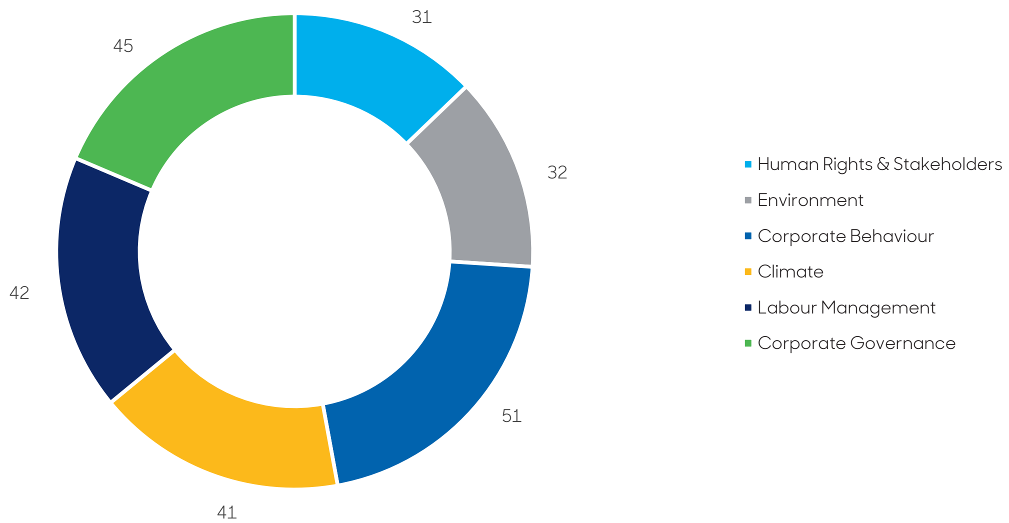
Once the Investment Manager invests in a company, it is committed to helping that company maintain or raise its standards further, using its position as a shareholder to press for action as needed. The Investment Manager actively engages with the companies in which it invests to encourage improvement.

The Investment Manager views this programme of regular engagement as a necessary fulfilment of its duty as a responsible steward of clients' assets. It is also an opportunity to share examples of best practice seen in other companies and to use its influence to effect positive change. The Investment Manager's engagement is not limited to the company's management team. It can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients. 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.

The investment process consists of four interconnected and equally important stages.

Monitor	Contact	Engage	Act
Ongoing due diligence	**Frequent dialogue**	**Exercise rights**	**Consider all options**
· Business performance · Company financials · Corporate governance · Company's key risks and opportunities	· Senior executives · Board members · Heads of departments and specialists · Site visits	· Attend AGM/GMs · Always vote · Explain voting decisions · Maximise influence to drive positive outcomes	· Increase or decrease shareholding · Collaborate with other investors · Take legal action if necessary

During the year ended 31 March 2025, the Investment Manager held 92 separate meetings with companies in Shires Income PLC's portfolio where ESG topics were raised. By topic, corporate behaviour was the most discussed area, but there was significant engagement on corporate governance, labour management and climate issues. The pie chart below shows the overlapping topics covered at the meetings held during the year.



Investor Information

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

The Company has appointed abrdn Fund Managers Limited as its Alternative Investment Fund Manager and BNP Paribas Trust Corporation UK Limited as its depositary under the AIFMD.

The AIFMD requires 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**. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 114.

Investor Warning: Be alert to share fraud and scams

Aberdeen has been contacted by investors informing it that it has received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen or for third party firms. Aberdeen has also been notified of emails claiming that certain investment companies under its 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 and any third party making such offers/claims has no link with Aberdeen.

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

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

Shareholder Enquiries

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

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

How to Invest

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

Investors can, using certain platforms, arrange to have dividends reinvested or establish regular savings to invest in the shares of the Company. This can also be done under the auspices of an ISA which (under current tax rules and depending on individual circumstances) provide tax efficiencies for private investors in the treatment of income and capital gains.

Discretionary Private Client Stockbrokers

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

Financial Advisers

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

Regulation of Stockbrokers

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

How to Attend and Vote at Company Meetings

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

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

For investors who hold their shares on a platform via a nominee, the Association of Investment Companies has provided helpful information on how to attend an AGM and how to vote investment company shares held on some of the major platforms. This information can be found at: **theaic.co.uk/how-to-vote-your-shares**

Keeping You Informed

Information about the Company can be found on its website: **shiresincome.co.uk**, including share price and performance data as well as London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager. **Investors can receive updates via email by registering on the home page of the Company's website.**

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

LinkedIn: aberdeen Investment Trusts

X: @aberdeenTrusts

Facebook: aberdeen Investment Trusts

YouTube: @aberdeenInvestmentTrusts

Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Company's website.

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

Glossary of Terms

Aberdeen or Aberdeen Group
Aberdeen Group plc and its group of companies.

Administrator
BNP Paribas Securities Services.

AIC
The Association of Investment Companies.

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

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

Benchmark
This is a measure against which an Investment Trust's performance is compared. The Company's benchmark is the FTSE All-Share Index. The index averages the performance of a defined selection of listed companies over specific time periods.

Call Option
An option contract which gives the buyer the right, but not the obligation, to purchase a specified amount of an asset at an agreed price by a future specified date.

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.

Convertibles
Fixed income securities, which can be converted into equity shares at a future date.

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 the dividend per share, expressed as a ratio.

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

ESG
Environmental, Social and Governance.

FCA
Financial Conduct Authority.

Gearing and Equity Gearing
Net gearing is calculated by dividing total borrowings, less cash or cash equivalents, by shareholders' funds expressed as a percentage. Equity gearing is the sum of the investments in ordinary shares, both listed and unlisted, and convertibles, expressed as a proportion of shareholders' funds.

Investment Manager
abrdn Investments Limited is a wholly owned subsidiary of Aberdeen Group 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.

Key Information Document or KID

UK regulation previously required the Manager to make a KID available to retail investors prior to them making any investment decision. On 22 November 2024, new legislation came into force in the UK which meant that manufacturers, advisors and sellers of shares in a closed-ended investment company that is UK-listed are no longer required to produce the KID.

However, the Manager continues to publish a modified KID for the Company because a number of platforms/market participants still require prospective investors to confirm that they have read the KID prior to a buy order being placed. The modified KID is available via the Company's website. In addition to the KID, the Manager has developed a Statement of Operating Expenses which is incorporated into the Company's factsheet and can also be found on the Company's website.

Leverage

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

Manager, AIFM or aFML

abrdn Fund Managers Limited is a wholly owned subsidiary of Aberdeen Group 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.

Ongoing Charges

Ratio of expenses of an Investment Trust expressed as a percentage of average daily shareholders' funds calculated annually per the AIC's industry standard method. More specifically, it is the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure is based on historical information, it provides shareholders with an indication of the likely level of costs that will be incurred in managing the Company in the future. The Board uses the Ongoing Charges Ratio as a Key Performance Indicator for the Company.

Preference Shares

These entitle the holder to a fixed rate of dividend out of the profits of a company, to be paid in priority to other classes of shareholder.

Pre-Investment Disclosure Document ("PIDD")

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

Premium

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

Price/Earnings Ratio

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

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.

Glossary of Terms

Continued

Put Option
An option contract which gives the buyer the right, but not the obligation, to sell a specified amount of an asset at an agreed price by a future specified date.

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 on which that dividend was earned.

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

Discount to net asset value per Ordinary share

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

		2025	2024
NAV per Ordinary share (p)	a	**265.23**	256.00
Share price (p)	b	**255.50**	222.00
Discount	(a-b)/a	**3.7%**	13.3%

Dividend Cover

Dividend cover measures the revenue return per share divided by total dividends per share, expressed as a ratio.

		2025	2024
Revenue return per share	a	**14.80p**	14.75p
Dividends per share	b	**14.80p**	14.40p
Dividend cover	a/b	**1.00x**	1.02x

Dividend Yield

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

		2025	2024
Annual dividend per Ordinary share (p)	a	**14.80p**	14.40p
Share price (p)	b	**255.50p**	256.00p
Dividend yield	a/b	**5.8%**	5.6%

Alternative Performance Measures

Continued

Net Gearing

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

		2025	2024
Borrowings (£'000)	a	**18,975**	18,963
Cash (£'000)	b	**1,322**	1,675
Amounts due to brokers (£'000)	c	**–**	101
Amounts due from brokers (£'000)	d	**–**	–
Shareholders' funds (£'000)	e	**106,711**	105,957
Net gearing	(a-b+c-d)/e	**16.5%**	16.4%

Ongoing Charges Ratio

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.

	2025	2024
Investment management fees (£'000)	**653**	420
Administrative expenses (£'000)	**447**	529
Less: non-recurring charges[A] (£'000)	**(6)**	(24)
Ongoing charges (£'000)	**1,094**	925
Average net assets (£'000)	**109,660**	85,134
Ongoing charges ratio (excluding look-through costs)	**1.00%**	1.09%
Look-through costs[B]	**–**	0.01%
Ongoing charges ratio (including look-through costs)	**1.00%**	1.10%

[A] Comprises promotional activities fees not expected to recur.
[B] 2024 is 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.

Total Return

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

Year ended 31 March 2025		NAV	Share Price
Opening at 1 April 2024	a	**256.00p**	**222.00p**
Closing at 31 March 2025	b	**265.23p**	**255.50p**
Price movements	c=(b/a)-1	**3.6%**	**15.1%**
Dividend reinvestment[A]	d	**5.8%**	**7.3%**
Total return	c+d	**+9.4%**	**+22.4%**

Year ended 31 March 2024		NAV	Share Price
Opening at 1 April 2023	a	257.92p	250.00p
Closing at 31 March 2024	b	256.00p	222.00p
Price movements	c=(b/a)-1	-0.7%	-11.2%
Dividend reinvestment[A]	d	5.5%	5.8%
Total return	c+d	+4.8%	-5.4%

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

AIFMD Disclosures (Unaudited)

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

There have been no material changes to the disclosures contained within the PIDD since its most recent update in July 2024.

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

- information on the investment strategy 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 18 to the financial statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by aFML; and
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretary, abrdn Holdings Limited, on request and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2024 are available on the Company's website.

Leverage

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

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 March 2025	1.34	1.35

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

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

General

The Annual General Meeting will be held at 18 Bishops Square, London E1 6EG on Tuesday 8 July 2025 at 12 noon.

The Company will also be hosting an online shareholder presentation, which will be held at 11.00am on Tuesday 24 June 2025. Full details on how to register for the online event can be found at: shiresincome.co.uk

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ninety seventh Annual General Meeting of Shires Income PLC (the "Company") will be held at 18 Bishops Square, London E1 6EG on Tuesday 8 July 2025 at 12 noon to transact the following business:

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. To receive and adopt the Directors' Report and audited financial statements of the Company for the year ended 31 March 2025 together with the Auditor's Report thereon.
2. To receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 March 2025.
3. To approve a final dividend of 5.20p per Ordinary share in respect of the year ended 31 March 2025.
4. To re-appoint Mr Simon White as a Director of the Company.
5. To re-appoint Ms Helen Sinclair as a Director of the Company.
6. To re-appoint Ms Jane Pearce as a Director of the Company.
7. To re-appoint Mr Robin Archibald as a Director of the Company.
8. To re-appoint Ernst & Young LLP as Auditor of the Company.
9. To authorise the Directors to determine the remuneration of the Auditor for the year to 31 March 2026.
10. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company ("relevant securities") up to an aggregate nominal amount of £2,004,165 or, if less, the number representing 10% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution provided that such authorisation expires on 30 September 2026 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following as Special Resolutions:

11. That, subject to the passing of Resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the "Notice of Meeting") and in substitution for all existing powers, the Directors be and are hereby generally empowered pursuant to Section 570 of the Companies Act 2006 (the "Act") to allot equity securities (as defined in Section 560 (1) of the Act) for cash pursuant to the authority under Section 551 of the Act conferred by Resolution 10 in the Notice of Meeting as if Section 561 of the Act did not apply to any such allotment, provided that this power:

    i. expires on 30 September 2026 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and

    ii. shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £2,004,165 or, if less, the number representing 10% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution.

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares as if in the opening paragraph of this resolution the words "subject to the passing of Resolution 10 in the notice convening the meeting at which this resolution is to be proposed (the "Notice of Meeting") and" and "pursuant to the authority under Section 551 of the Act conferred by Resolution 10 in the Notice of Meeting" were omitted.

12. That, in substitution for any existing authority but without prejudice to the exercise of any such authority prior to the date hereof, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 50p each in the capital of the Company ("shares"), and to cancel or hold in treasury such shares, provided that:

    i. the maximum aggregate nominal value of the Ordinary shares hereby authorised to be purchased shall be limited to £3,004,244 or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;

    ii. the minimum price which may be paid for a share shall be 50p (exclusive of expenses);

    iii. the maximum price (exclusive of expenses) which may be paid for a share shall be an amount being not more than the higher of:

        a) 105% of the average of the middle market quotations (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; or

        b) the higher of the price of the last independent trade and the highest current independent bid relating to a share on the trading venue where the purchase is carried out; and

    iv. unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 30 September 2026 or, if earlier, at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

13. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held after the passing of this resolution.

By order of the Board
abrdn Holdings Limited
Company Secretary
1 George Street
Edinburgh EH2 2LL
28 May 2025

Registered Office:
280 Bishopsgate
London EC2M 4AG

Notice of Annual General Meeting

Continued

Notes

i. A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If a member wishes to appoint more than one proxy, they should contact the Company's Registrars, Equiniti Limited, on +44 (0)371 384 2508 (charges for calling this number are determined by the caller's service provider. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding bank holidays in England and Wales). If calling from outside the UK, please ensure the country code is used.

ii. A form of proxy for use by members is enclosed with the Annual Report. Completion and return of the form of proxy will not prevent any member from attending the meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, at the address stated thereon, so as to be received not less than 48 hours (excluding non-working days) before the time of the meeting.

iii. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the meeting a member must first have his or her name entered in the Company's register of members at 6.30 p.m. on 4 July 2025 (or, in the event that the meeting is adjourned, at 6.30 p.m. on the day which is two business days before the time of the adjourned meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.

iv. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website: euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

v. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID RA19) not less than 48 hours (excluding non-working days) before the time of the meeting or any adjournment. 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 Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

vi. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

vii. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

viii. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12 noon on 4 July 2025 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

ix. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("Nominated Persons"). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

The statement of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.

x. No Director has a service contract with the Company but copies of Directors' letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice and for at least 15 minutes prior to the meeting and during the meeting.

xi. As at close of business on 28 May 2025 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 40,083,317 Ordinary shares of 50p each and 50,000 Cumulative Preference shares of £1 each. Accordingly, the total number of voting rights in the Company as at 28 May 2025 is 40,133,317.

xii. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

xiii. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

xiv. The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Auditor's Report and the conduct of the audit, which they intend to raise at the next meeting of the Company. The Company will be required to do so once it has received such requests from either (i) members representing at least 5% of the total voting rights of the Company or (ii) at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum per member of at least £100. Such requests must be made in writing and must state your full name and address, and be sent to: the Company Secretary, Shires Income PLC, 1 George Street, Edinburgh EH2 2LL.

xv. Information regarding the meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website: www.shiresincome.co.uk.

Notice of Annual General Meeting

Continued

xvi. Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

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

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

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

xvii. Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

Contact Addresses

Directors
Robin Archibald (Chairman)
Jane Pearce
Helen Sinclair
Simon White

Registered Office
280 Bishopsgate
London EC2M 4AG

Company Secretary
abrdn Holdings Limited
1 George Street
Edinburgh EH2 2LL

Email: **shires.income@aberdeenplc.com**

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

Investment Manager
abrdn Investments Limited
1 George Street
Edinburgh EH2 2LL

Company Registration Number
00386561 (England & Wales)

Legal Entity Identifier ("LEI")
549300HVCIHNQNZAYA89

Website
shiresincome.co.uk

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Shareholder help can be found at **shareview.co.uk.**
Alternatively, you can contact the Shareholder Helpline:
+44 (0)371 384 2508*

(*Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider.)

If calling from outside the UK, please ensure the country code is used.

Depositary
BNP Paribas Trust Corporation UK Limited
10 Harewood Avenue
London NW1 6AA

Stockbroker
JPMorgan Cazenove
25 Bank Street
London E14 5JP

Auditor
Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Solicitors
Dentons UK and Middle East LLP
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