

Investment objective

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

Benchmark

FTSE All-Share Index total return.

Cumulative performance (%)

	as at 31/07/25	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	277.0p	(3.4)	12.6	16.2	19.3	25.7	70.3
NAV ^a	288.5p	1.3	11.4	9.6	11.6	30.8	68.1
FTSE All-Share		4.0	8.8	7.5	12.1	35.0	80.4

Discrete performance (%)

	31/07/25	31/07/24	31/07/23	31/07/22	31/07/21
Share Price	19.3	14.1	(7.7)	1.9	33.0
NAV ^a	11.6	13.5	3.2	(1.6)	30.7
FTSE All-Share	12.1	13.5	6.1	5.5	26.6

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis.

Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: Aberdeen and Morningstar.

Past performance is not a guide to future results.

^a Including current year revenue.

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Morningstar Rating™



^b Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.

Morningstar Sustainability Rating™



Ten largest equity holdings (%)

Morgan Sindall	3.9
AstraZeneca	3.5
Shell	3.4
Chesnara Plc	3.2
Diversified Energy	3.0
National Grid	3.0
HSBC	3.0
Sirius Real Estate Ltd	2.8
M&G plc	2.7
SSE	2.5
Total	31.0

Fixed income holdings (%)

Ecclesiastical Insurance	5.5
Nationwide Building Society 10.25%	5.2
Santander 10.375%	4.4
Standard Chartered 8.25%	3.2
Lloyds Bank 11.75%	0.9
Rea Holdings 9%	0.7
Standard Chartered 7.375%	0.3
Total	20.0

Total number of investments 59

All sources (unless indicated):
Aberdeen: 31 July 2025.



1 Year Premium/Discount Chart (%)



Fund managers' report

Market commentary

The US Federal Reserve (Fed) left interest rates unchanged in July, as expected, although two Fed governors voted to cut rates, which marks the first time since the early 1990s that US policymakers disagreed. Second quarter GDP data showed that the US economy had rebounded with a 3% annualised growth rate, following a contraction in the first quarter. Consumer spending remained resilient, despite signs of a tariff impact on prices. In Europe, the European Central Bank kept rates steady. Eurozone inflation hovered around the 2% target and forecasts suggest that inflation will remain contained, reducing the pressure for further easing in the near term. Growth data showed that GDP in the eurozone expanded by just 0.1% in the second quarter. In the UK, the Bank of England also maintained rates steady, although we have since seen a cut. UK CPI rose unexpectedly to 3.6% in June, driven by higher food prices. However, weakening wage growth and rising unemployment pointed to labour market softness that could justify easing. Commodities also rose in aggregate, as oil prices edged higher under renewed geopolitical tensions. Copper prices spiked early in the period amid tariff speculation but fell sharply by month-end. Precious metals also finished the month slightly higher.

Several countries scrambled to finalise trade deals with the US, ahead of President Trump's 1 August deadline. Tariff rates released just hours before the deadline added to confusion, some as high as 41%. An EU-US trade agreement was struck when the EU agreed to reduce import levies on American industrial and automotive parts in exchange for a 15% tariff on most goods imported into the US. The EU also committed to increased purchases of US energy and defence goods.

Equity markets in France, Germany, Spain and Italy all rose, but Swiss stocks declined. UK equities were particularly strong, with the blue-chip FTSE 100 outperforming the FTSE 250. Emerging market stocks rose in aggregate. Chinese stocks gained due to an extended US trade truce, but Indian equities fell as the US imposed a 25% tariff on Indian goods and threatened further penalties due to India's links to Russia. US equities continued to rally, driven by trade momentum and a strong earnings season, particularly in technology.

Fund managers' report continues overleaf

^c Expressed as a percentage of average daily net assets for the year ended 31 March 2025. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

^d Calculated using the Company's historic net dividends and month end share price.

^e The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

^f Expressed as a percentage of total equities and convertibles held divided by shareholders' funds.

^g Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

Sector allocation (%)

Financials	32.3
Energy	13.0
Industrials	12.9
Technology	7.5
Utilities	6.1
Consumer Discretionary	5.8
Real Estate	5.6
Health Care	4.8
Basic Materials	4.6
Consumer Staples	3.7
Telecommunications	2.6
Communication Services	1.1
Total	100.0

Key information

Calendar

Year end	31 March
Accounts published	June
Annual General Meeting	July
Dividend paid	January, April, July, October
Established	1929
Fund manager	Iain Pyle
Ongoing charges ^c	1.00%
Annual management fee	0.45% up to £100m and 0.4% over £100m on net assets and long term borrowings
Premium/(Discount)	(4.0)%
Yield ^d	5.3%
Active share ^e	74.6%

Gearing (%)

Equities ^f	(4.3)
Net cash/(gearing) ^g	(15.8)

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Fund managers' report – continued

Performance

The portfolio delivered a positive return of +1.3% in the month, although this lagged the wider UK equity market which returned a very strong 4%. In common with the early months of 2025, when concerns around the UK domestic economy increased, we see the FTSE 250 underperform the FTSE 100 and July was no different. With our size-agnostic approach, that means performance lags in that scenario, but we see it as a temporary headwind: Despite more exposure to mid cap names, our exposure to UK domestics is well controlled.

In the month, rising bond yields weighed on the fixed income holdings in the portfolio which detracted around 1% from performance. The fund also lagged the benchmark due to underweight positions in some large cap low yielding stocks that performed well, such as BAT (which rose 16%), Rolls Royce (+11%) and AstraZeneca (+12%). We also saw negative performance from Taylor Wimpey (-17%) on concerns around demand for UK housing and Greggs (-17%) gave back the gains of the prior month after a trading update that showed weaker like-for-like sales than expected. More positively, reassuring results for Intermediate Capital (+13%) and Ashmore (+12%) supported shares and our holding in Italian bank Intesa Sanpaolo continued to perform well (+10%).

Trading

At the end of the month we bought back into IT distributor Bytes, having sold the position last November. The shares pulled back recently on a weaker trading update, but we see this as backward looking and reflecting historic changes to partner incentive structures. The business remains well positioned as one of the largest software sellers in the UK, with a growth end market and strong client relations. Valuation here, with a 5%+ dividend yield, offer decent upside and it acts as a genuine diversifier in the portfolio. To fund the purchase we trimmed positions in Shell, Barclays, ICG which have done very well since purchase.

Outlook

The Bank of England lowered interest rates in early August, with the base rate now at 4%, 1.25% lower than it was a year ago. This is a welcome move, helping to provide some support for a weakening labour market and a private sector lacking in confidence after recent tax rises. Despite the lower interest rate we should not be getting too excited about the UK economy in the short term. Balancing the autumn budget is likely to require further tax rises after the government's failure to get its spending reforms approved and with tax take already at historically high levels this is likely to further reinforce a cautious approach from UK consumers and businesses. Indeed, the obvious difficulty has already been having a marked effect with savings rates going up and momentum withdrawn from the economy as consumers await the bad news. The bond market's pricing of longer dated government bonds gives a clearer view of the outlook, with 10 year government bonds trading at 4.7% in the middle of August, up from around 4% this time last year.

The negative outlook for the UK has already been reflected in the markets, with July a month where the FTSE 250 underperformed the FTSE 100 significantly. In aggregate the mid cap benchmark is more exposed to domestic spending, so there is some sense to this on an index level. However, the market tends to sell indiscriminately and this creates short term pain but longer term opportunities. Recent purchases Greggs and Bytes are attempts to capture this. Both are companies we sold last year and which have seen expectations downgraded since then, with sharp share price falls to match. However, the long term quality of the businesses is broadly unchanged in our view, and valuations again offer an interesting entry point to take advantage of longer term growth.

The risk outlined overleaf relating to gearing is particularly relevant to this trust, but should be read in conjunction with all warnings and comments given.
Important information overleaf

Assets/Debt

	£'000	%
Equities (inc. Cnv's)	110,425	95.7
Fixed Income	23,136	20.0
Total investments	133,561	115.7
Cash & cash equivalents	769	0.6
Other net assets	52	0.0
Debt	(18,979)	(16.4)
Net Assets	115,403	100.0

Capital structure

Ordinary shares	40,043,527
3.5% Cumulative Preference shares	50,000

Allocation of management fees and finance costs

Capital	60%
Revenue	40%

Trading details

Reuters/Epic/Bloomberg code	SHRS
ISIN code	GB0008052507
Sedol code	0805250
Stockbrokers	J.P. Morgan Cazenove
Market makers	INV. JPMS, MREX, PEEL, SCAP, WINS



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.aberdeeninvestments.com/trustupdates
www.aberdeeninvestments.com/shrs



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Shires Income PLC

Statement of Operating Expenses

Publication date: 21 July 2025

	Year ended 31 Mar 2025	% of Average NAV	Year ended 31 Mar 2024	% of Average NAV	% Change (YOY)
Recurring Operating Expenses (£000s)					
Management Fee (inc AIFM)	653	0.60%	420	0.49%	55.5%
Custody fees and bank charges	12	0.01%	11	0.01%	9.1%
Promotional activities	55	0.05%	50	0.06%	10.0%
Professional fees	2	0.00%	25	0.03%	-92.0%
Directors remuneration	149	0.14%	141	0.17%	5.7%
Directors & officers liability insurance	11	0.01%	11	0.01%	0.0%
Auditors' remuneration	57	0.05%	60	0.07%	-5.0%
Trade subscriptions	32	0.03%	32	0.04%	0.0%
Printing, postage and stationery	12	0.01%	28	0.03%	-57.1%
Share plan costs	-	0.00%	30	0.04%	-100.0%
Registrars fees	47	0.04%	39	0.05%	20.5%
Other administrative expenses	64	0.06%	78	0.09%	-17.9%
Ongoing Operating Expenses (ex indirect fund management expenses)	1,094	1.00%	925	1.09%	18.3%
Expenses relating to investments in other collective investments		0.00%		0.01%	
Ongoing Operating Expenses (inc indirect fund management expenses)	1,094	1.00%	925	1.10%	18.3%
Average Net Asset Value	109,660		85,134		28.8%
Operating Expense Ratio (ex indirect fund management expenses)	1.00%		1.09%		
Operating Expense Ratio (inc indirect fund management expenses)	1.00%		1.10%		
	Year ended 31 Mar 2025	% of Average NAV	Year ended 31 Mar 2024	% of Average NAV	% Change (YOY)
Transaction costs and other one-off expenses (£000s)					
Transaction costs	271	0.25%	197	0.23%	37.6%
Performance fees		0.00%		0.00%	
Other non-recurring expenses	6	0.01%	24	0.03%	-75.0%
Total	277	0.25%	221	0.26%	25.3%

Service providers as at year ended 31 March 2025

AIFM	abrdn Fund Managers Limited
Investment Manager	abrdn Investments Limited
Company Secretary	abrdn Holdings Limited
Fund Accounting Services	BNP Paribas Fund Services UK Limited
Auditor	Ernst & Young LLP
Depository & Custodian	BNP Paribas S.A. London Branch
Registrar	Equiniti Limited
Corporate Broker	JPMorgan Cazenove

Summary of key commercial arrangements

The Company has appointed abrdn Fund Managers Limited ("aFML"), a wholly owned subsidiary of Aberdeen 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. aFML has sub-delegated administrative and company secretarial services to abrdn Holdings Limited, promotional activities to abrdn Investments Limited and fund accounting services to BNP Paribas Fund Services UK Limited.

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.

Details of the management fee and fees payable for promotional activities are shown in notes 4 and 5 to the financial statements in the annual report.

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.

No performance fee.

Fee scale	% of Net Assets plus LT borrowings
£0-£100m	0.45%
>£100m	0.40%

Directors fee rates (£)	Year ended 31 Mar 2025	Year ended 31 Mar 2024	% change YoY
Chair	43,500	41,000	6.1%
Chair of Audit & Risk Committee	35,000	33,500	4.5%
Senior Independent Director	31,500	30,000	5.0%
Director	30,500	29,000	5.2%
Number of Directors	4	5	

Important Information

The Statement of Operating Expenses is designed to help investors understand the impact of operating expenses on financial performance.

Operating expenses are NOT deducted from the value of an investor's shareholding, which is derived from the share price.

The market value (share price) of all publicly traded companies reflects a wide range of factors, including the estimated impact of operating expenses on future financial performance.

The market value of an investment trust may diverge materially, both positively and negatively, from the reported net asset value.

Important information

Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- Certain trusts may seek to invest in higher yielding securities such as bonds, which are subject to credit risk, market price risk and interest rate risk. Unlike income from a single bond, the level of income from an investment trust is not fixed and may fluctuate.
- With funds investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of shares is likely to fall, and vice versa. In addition to the interest rate risk, bond investments are also exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the redemption date). The risk of this happening is usually higher with bonds classified as 'sub-investment grade'. These may produce a higher level of income but at a higher risk than investments in 'investment grade' bonds. In turn, this may have an adverse impact on funds that invest in such bonds.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

Other important information:

An investment trust should be considered only as part of a balanced portfolio. The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares and is by way of information only. Investment should only be following a review of the current Key Information Document (KID) and pre-investment disclosure document (PIDD) both of which are available on www.investortrusts.co.uk. Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by Aberdeen*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, Aberdeen* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

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