

Recommended Combination of Aberdeen Equity Income Trust plc with Shires Income PLC

On 11 February 2026, the boards of Shires Income PLC and Aberdeen Equity Income Trust plc have published circulars relating the proposed combination of the two companies. To receive updates on the recommended combination please [sign up here](#).

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 31/01/26	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	318.0p	1.6	13.0	17.5	36.5	48.2	79.2
NAV ^a	321.1p	3.8	7.8	13.8	24.8	43.0	66.1
FTSE All-Share		3.1	5.7	12.7	21.1	44.5	80.8

Discrete performance (%)

	31/01/26	31/01/25	31/01/24	31/01/23	31/01/22
Share Price	36.5	19.7	(9.3)	0.6	20.3
NAV ^a	24.8	17.1	(2.1)	0.0	16.2
FTSE All-Share	21.1	17.1	1.9	5.2	18.9

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™



[®] 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 (%)

HSBC	3.8
Morgan Sindall	3.7
Shell	3.6
Barclays Plc	3.3
Rio Tinto	3.2
AstraZeneca	3.1
Chesnara Plc	3.0
Safestore Holdings Plc	3.0
M&G plc	2.9
Lloyds Bank	2.9
Total	32.5

Fixed income holdings (%)

Ecclesiastical Insurance	5.2
Nationwide Building Society 10.25%	4.8
Santander 10.375%	4.1
Standard Chartered 8.25%	3.0
Lloyds Bank 11.75%	0.9
Rea Holdings 9%	0.7
Standard Chartered 7.375%	0.2
Total	18.9

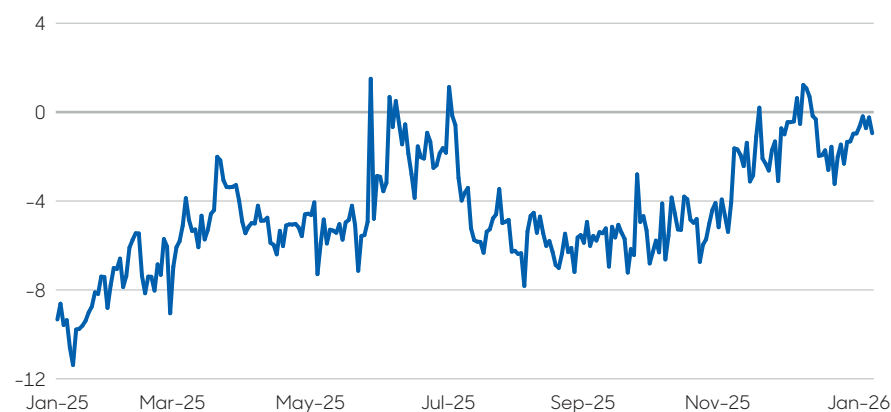
Total number of investments

56

All sources (unless indicated):
Aberdeen: 31 January 2026.



1 Year Premium/Discount Chart (%)



Fund managers' report

Market commentary

Global equity markets rose in January despite heightened volatility. Early weakness reflected renewed trade tensions after US President Donald Trump threatened tariffs on several European countries over a dispute regarding Greenland, which prompted concerns about retaliation and a broader trade war. Sentiment improved later in the month as the US scaled back its tariff plans against Europe and ruled out the use of force in Greenland. Meanwhile, resilient economic data, solid earnings reports and expectations of central bank easing supported risk appetite.

The Fed maintained the target range for the federal funds rate at 3.50%–3.75% at its January meeting. The decision was against a backdrop of cooling inflation and a softening labour market. President Trump nominated former Morgan Stanley banker Kevin Warsh to succeed Jerome Powell as Fed Chair, subject to Senate approval, when Powell's term expires in May. A longtime inflation hawk, Warsh has lately argued for lower rates in line with Trump. Commodity markets ended higher in January. Oil prices rose sharply, driven primarily by heightened geopolitical tensions involving the US and Iran – after President Trump warned Tehran to agree a nuclear deal or face a far more severe strike – and by ongoing supply disruptions in Kazakhstan. The move was reinforced by a weaker US dollar, which provided additional support to crude prices. US and particularly European natural gas prices rose, driven by cold weather that lifted heating demand and disrupted supply, particularly in the US. Gold prices surged as heightened geopolitical uncertainty supported safe-haven demand.

UK equities advanced. Annual CPI rose from 3.2% in November to a higher-than-expected 3.4% in December, with the core rate steady at 3.2%, as expected. Average earnings excluding bonuses rose by a slower 4.5% year on year (y/y) in the three months to November and the unemployment rate remained at 5.1%, which was slightly higher than expected. The Bank of England cut the Bank Rate by 25 basis points to 3.75% at its December meeting and signalled it could ease policy further if disinflation persists.

Performance

The portfolio delivered a positive 3.5% NAV return in January, a good start to the year and ahead of the FTSE All-Share Index which returned 3.1%. The best performer was Ashmore, which increased in value by 34% as AuM showed signs of improving.

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	35.6
Industrials	12.0
Energy	10.1
Technology	7.4
Real Estate	7.1
Basic Materials	5.7
Health Care	5.7
Consumer Staples	4.6
Consumer Discretionary	4.4
Utilities	4.2
Telecommunications	3.2
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)	(1.0)%
Yield ^d	4.8%
Active share ^e	71.2%

Gearing (%)

Equities ^f	(4.9)
Net cash/(gearing) ^g	(13.9)

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt

	£'000	%
Equities (inc. Cnv's)	120,346	95.2
Fixed Income	23,934	18.9
Total investments	144,280	114.1
Cash & cash equivalents	1,465	1.1
Other net assets	(275)	(0.2)
Debt	(18,985)	(15.0)
Net Assets	126,485	100.0

Capital structure

Ordinary shares	39,411,699
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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Fund managers' report – continued

The company is a specialist EM debt investor, so it needs the asset class to be in favour. After a long period out of the spotlight, a weaker dollar and growth from emerging markets has caused reallocation, and Ashmore is beginning to see the benefit. A number of energy names also started the year well. Hunting and Serica Energy reported good results and were up 19% and 23% respectively. We were particularly encouraged by Hunting's improved outlook for its higher margin subsea business. GTT shares also rose (+15%) as the company delivered a number of new orders to start the year.

Relative to the benchmark the trust also benefitted from having more limited exposure to highly rated software businesses. The sector has de-rated substantially in recent months on concerns that AI enabled alternative products will erode the existing moats these businesses have. Within the portfolio, Kainos (-10%) and Intermediate Capital (as an investor in some software businesses, -12%) were the only real sources of exposure and were the worst two performers in January.

Trading

In January we made some slight changes to reflect analyst conviction and recent performance. We exited Informa and Reckitt Benckiser after the stocks delivered good returns – we simply see them as more fairly valued for now. Proceeds were reinvested in two new entries with higher dividend yields. BT is coming out of a period of elevated capex spend, setting it on course for significantly higher free cashflow over the next few years, supporting distributions. Legal & General has been a laggard in the insurance sector, but the 8% yield is highly attractive and the company has limited exposure to areas such as protection where margins are coming under some pressure. We also sold out of a small remaining holding in ME Group. While we still see reasonable growth potential from the business, recent communication has been poor and conviction in the idea has decreased – given the low liquidity of the stock we choose to move on to other ideas.

Outlook

It was a highly volatile start to 2026: Venezuela, Greenland, Iran, a new Fed Chair and a return of UK political volatility all meant there was a lot going on, yet markets continued to move higher. In February, that upward momentum has been tested, however, with increased concerns around the pace of technology capex and most materially the sharp spike of concerns around the sustainability of software earnings.

Indeed, this topic has been the most unexpected development, at least in its severity. Our long-held view has been that the companies that benefit most from AI implementation are those with low margins and high operational technology cost bases – banks are the prime example. Saving a few % of cost can have a meaningful impact on profits when margins are thin. Conversely, our view has been that those most at risk from AI are the high technology, high return businesses which are most likely to see their technological advantage supplanted and pricing power decreased over time. In early February, the launch of more specific agentic AI solutions led the market to question the duration of software and data earnings far faster than we would have expected. These companies have de-rated rapidly, while more capital-intensive sectors with "real" assets have come back into favour. To illustrate the point, if you had told me a year ago that an oil services company such as Hunting (owned in the portfolio) would trade on the same earnings multiple as a highly regarded data services company such as RELX (not currently owned) I would have been amazed. Yet that is the reality today.

In our view there is some justification for the correction – valuations on some technology sectors were stretched and risks not reflected in the price. But the move now seems to have gone too far too fast. For the best companies, with proprietary data and strong client relationships, we struggle to see them being disintermediated, particularly in industries with regulatory requirements and where products are embedded into client workflows. That means there will probably be opportunities to buy some excellent companies at attractive valuations. The problem is that it is hard to disprove a threat to long term earnings power, and we can be certain that AI competition will only improve at a faster and faster rate, so handle with care.

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

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%		
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	abrdr Fund Managers Limited
Investment Manager	abrdr Investments Limited
Company Secretary	abrdr 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 abrdr 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 abrdr Holdings Limited, promotional activities to abrdr Investments Limited and fund accounting services to BNP Paribas Fund Services UK Limited.

The Company's portfolio is managed by abrdr Investments Limited by way of a group delegation agreement in place between aFML and abrdr 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:

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