

### 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 30/04/25	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	250.5p	(0.7)	3.2	10.6	16.6	13.5	50.4
NAV <sup>a</sup>	263.7p	0.4	(1.6)	3.7	5.4	12.4	52.4
FTSE All-Share		(0.2)	(1.2)	5.6	7.5	22.6	67.9

### Discrete performance (%)

	30/04/25	30/04/24	30/04/23	30/04/22	30/04/21
Share Price	16.6	(4.6)	2.0	5.3	26.0
NAV <sup>a</sup>	5.4	6.6	0.1	5.8	28.2
FTSE All-Share	7.5	7.5	6.0	8.7	25.9

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.**

<sup>a</sup> Including current year revenue.

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### Morningstar Rating™



<sup>b</sup> 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 (%)

AstraZeneca	3.8
Shell	3.4
Morgan Sindall	3.2
National Grid	2.8
HSBC	2.5
IMPERIAL BRANDS	2.4
Telecom Plus	2.2
Diversified Energy	2.2
Energear	2.2
SSE	2.2
<b>Total</b>	<b>26.7</b>

### Fixed income holdings (%)

Ecclesiastical Insurance	5.2
Nationwide Building Society 10.25%	4.0
Santander 10.375%	3.9
Standard Chartered 8.25%	2.9
General Accident 7.875%	1.7
Lloyds Bank 11.75%	0.8
Rea Holdings 9%	0.6
Standard Chartered 7.375%	0.2
<b>Total</b>	<b>19.3</b>

### Total number of investments

60

All sources (unless indicated):  
Aberdeen: 30 April 2025.



## 1 Year Premium/Discount Chart (%)



## Fund managers' report

### Market Commentary

The dominant event this month was President Trump's proclaimed "Liberation Day", introducing a baseline 10% tariff on all US imports, alongside a raft of 'reciprocal tariffs' targeting dozens of countries. An initial 54% tariff on Chinese imports was escalated to 125% after retaliatory measures from Beijing. These moves triggered a sharp decline in global equity markets, notably in US stocks. A subsequent sell-off in the US Treasury market led to the largest spike in yields in over 40 years, prompting the administration to partially reverse course. The tariffs were suspended for 90 days, except in the case of China, and further levies on carmakers were removed late in the month. Against this backdrop of uncertainty, many companies revised or withdrew their earnings guidance.

Global equities finished April slightly lower overall in local-currency terms amid volatile trading conditions after abrupt trade policy shifts by US President Donald Trump. On the same basis, equity indices in the US, UK, Europe and emerging markets mostly declined, although Japanese stocks posted modest gains. However, the MSCI World Index returned 0.94% in April (total return in US dollars), helped by a weaker US dollar.

Markets recovered somewhat after the tariff suspension. US indices rebounded mid-month, lifting the technology-heavy Nasdaq Composite Index into positive territory for April, although the S&P 500 Index ended the month lower, and the US dollar remained weak. In Europe, German and Spanish stocks advanced, but broader regional indices fell, dragged down by French, Italian and Swiss equities. UK markets were generally weaker, as energy and mining stocks lagged, although the FTSE 250 Index recorded gains. Among emerging markets, Chinese equities declined, while Indian and Latin American markets rose. Commodity prices were also affected by the uncertain outlook. Oil suffered its steepest monthly drop in four years on concerns that a global economic slowdown could curb energy demand at the same time as OPEC announced they would release more barrels onto the market. Unseasonably warm weather contributed to a sharp fall in natural gas prices. Industrial metals mostly declined, while gold rose as investors sought safe-haven assets.

### Fund managers' report continues overleaf

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 31 March 2024. 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.

<sup>d</sup> Calculated using the Company's historic net dividends and month end share price.

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

<sup>f</sup> Expressed as a percentage of total equities and convertibles held divided by shareholders' funds.

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

## Sector allocation (%)

Financials	32.2
Energy	13.1
Industrials	12.3
Utilities	7.4
Health Care	6.5
Technology	6.4
Real Estate	5.7
Consumer Discretionary	4.9
Consumer Staples	4.0
Telecommunications	3.9
Basic Materials	3.6
<b>Total</b>	<b>100.0</b>

## 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 <sup>c</sup>	1.10%
Annual management fee	0.45% up to £100m and 0.4% over £100m on net assets and long term borrowings
Premium/(Discount)	(5.0)%
Yield <sup>d</sup>	5.7%
Active share <sup>e</sup>	73.6%

## Gearing (%)

Equities <sup>f</sup>	(6.8)
Net cash/(gearing) <sup>g</sup>	(17.2)

## AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

## Fund managers' report – continued

### Performance

The portfolio weathered the turbulence well, with net asset value per share (NAV) growing by 0.4% over the period. For comparison, the FTSE All-Share index fell by 0.2% and the FTSE 350 High Yield index fell 2.2%. The outperformance was generated primarily by better stock selection. This was most notable in the energy sector. Although we are overweight the sector, given high yields and attractive valuations, great care has been taken in controlling the leverage to commodity prices. The result of this could be seen in the month, with the energy sector in the benchmark falling 15.3%, but our holdings "only" dipping by 9.8%. This meant that despite the overweight position, energy contributed 0.3% of relative performance this month. Utilities and financials also generated good performance, partially offset by our underweight position in consumer staples as large, defensive, sectors did well.

On an individual stock basis, UK domestic names performed notably well, helped by continued better than expected economic data and relative strength of Sterling. Kier Group rose 18%, Dunelm 24% and Morgan Sindall 10%. On the negative side, energy and materials exposure was understandably unhelpful, with Diversified Energy down 10% and Hunting down 14%. Although many companies bounced as tariff headlines improved through the month, those companies most directly impacted remain down on their pre-Liberation Day levels, with 4Imprint -8%, Smurfit Westrock -9.5%, Melrose -9% and Bodycote -11%. These price moves now reflect both some tariff impact and an increased probability of recession.

### Trading

After a busy March, April was a quiet month for trading. The volatility through the month was extremely high, and changes to US policy on a daily basis caused a high degree of variability in share prices. In this environment it is sometimes better not to do too much – what looks like the right trade one day may turn out to be the wrong one the next and we try and hold positions we are happy to retain for the long term. We did do some small reallocation in the month, trimming HSBC following a downgrade from our covering analyst (and some very good performance) and Intermediate Capital (another strong performer where risk has increased slightly). The proceeds were used to top up Serica Energy on weakness. The company pays a 14% yield and is exposed primarily to European gas prices. With Europe needing to refill storage this summer, we see downside well protected here, especially given the strength of the balance sheet.

### Outlook

If you looked at market performance from day one to the end of April you would struggle to understand what had happened. Market levels, with MSCI World +0.9% in dollar terms, would tell you this was a staid month. However, intra-month moves tell a different story, with an 11.5% fall from Liberation Day followed by an 18% rebound to the middle of May more reflective of the truth. The level of volatility tells you much about how uncertain the outlook is today. Recent steps by the US administration to reach deals on tariff levels are a move in the right direction and support market levels, but it is hard to argue that the chances of a weaker US economy and of higher inflation have not increased. That makes me cautious on market levels overall, but for anyone investing primarily outside of the US there is a distinct silver lining. The last month has shown cracks in the US outlook, with consumer confidence weakening and retail investors showing signs of exhaustion. With US indices at very high levels, and allocation to the US at a record, there is a high bar for further moves higher. This, combined with a weaker US dollar (one of the most interesting market dynamics in April was the dollar weakening even as risk increased, a sign its safe haven status is under threat) to increase the attraction of other markets. The UK is one that remains relatively cheap and with better economic data than many expected. If flow drives market direction in the short term, it only takes a small reallocation from the US to be a big inflow to UK markets.

**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)	98,524	93.2
Fixed Income	23,856	22.6
Total investments	122,380	115.8
Cash & cash equivalents	1,377	1.2
Other net assets	1,523	1.4
Debt	(18,976)	(18.0)
<b>Net Assets</b>	<b>105,687</b>	<b>100.0</b>

### Capital structure

Ordinary shares	40,126,313
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](http://www.aberdeeninvestments.com/trustupdates)  
[www.aberdeeninvestments.com/shrs](http://www.aberdeeninvestments.com/shrs)



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# Shires Income PLC

## Statement of Operating Expenses

Publication date: 14 October 2024

	Year ended 31 Mar 2024	% of Average NAV	Year ended 31 Mar 2023	% of Average NAV	% Change (YOY)
<b>Recurring Operating Expenses (£000s)</b>					
Management Fee (inc AIFM)	420	0.49%	414	0.51%	1.4%
Custody fees and bank charges	11	0.01%	7	0.01%	57.1%
Promotional activities	50	0.06%	40	0.05%	25.0%
Directors remuneration	141	0.17%	134	0.17%	5.2%
Auditors' remuneration	60	0.07%	53	0.07%	13.2%
Other administrative expenses	243	0.29%	183	0.23%	32.8%
Ongoing Operating Expenses (ex indirect fund management expenses)	925	1.09%	831	1.03%	11.3%
Expenses relating to investments in other collective investments		0.01%		0.14%	
Ongoing Operating Expenses (inc indirect fund management expenses)	925	1.10%	831	1.17%	11.3%
Average Net Asset Value	85,134		80,617		5.6%
<b>Operating Expense Ratio (ex indirect fund management expenses)</b>	<b>1.09%</b>		<b>1.03%</b>		
<b>Operating Expense Ratio (inc indirect fund management expenses)</b>	<b>1.10%</b>		<b>1.17%</b>		
	Year ended 31 Mar 2024	% of Average NAV	Year ended 31 Mar 2023	% of Average NAV	% Change (YOY)
<b>Transaction costs and other one-off expenses (£000s)</b>					
Transaction costs	197	0.23%	89	0.11%	121.3%
Performance fees		0.00%		0.00%	
Other non-recurring expenses	24	0.03%	-	0.00%	N/A
<b>Total</b>	<b>221</b>	<b>0.26%</b>	<b>89</b>	<b>0.11%</b>	<b>148.3%</b>

## Service providers as at year ended 31 March 2024

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	Equitini 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 2024	Year ended 31 Mar 2023	% change YoY
Chair	41,000	39,000	5.1%
Chair of Audit & Risk Committee	33,500	32,000	4.7%
Senior Independent Director	30,000	28,500	5.3%
Director	29,000	27,500	5.5%
Number of Directors	5	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](http://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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