

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

On 8th January 2025, the Boards of Aberdeen Equity Income Trust plc and Shires Income PLC announced they had agreed heads of terms for a proposed combination. The proposal would bring together two established UK equity income investment trusts to create a larger, more competitive company that aims to deliver enhanced benefits for all shareholders. Circulars are expected to be sent to all shareholders, or their nominees, in mid-February. To receive updates on the recommended combination please sign up [here](#).

Investment objective

To provide shareholders with an above average income from their equity investment while also providing real growth in capital and income.

Reference Index

FTSE All-Share Index.

Cumulative performance (%)

	as at 31/12/25	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	404.0p	3.8	8.5	17.9	32.5	40.5	82.1
NAV	400.0p	3.1	7.5	16.8	29.5	40.8	62.5
FTSE All-Share Index	2.2	6.4	13.7	24.0	46.5	73.9	

Discrete performance (%)

	31/12/25	31/12/24	31/12/23	31/12/22	31/12/21
Share Price	32.5	13.2	(6.3)	6.2	22.1
NAV	29.5	11.4	(2.4)	(2.3)	18.2
FTSE All-Share Index	24.0	9.5	7.9	0.3	18.3

Source: Aberdeen, total returns. The percentage growth figures are calculated over periods on a mid to mid basis. NAV total returns are calculated on a cum-income basis.

Past performance is not a guide to future results.

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^ Morningstar Analyst Rating™

Morningstar analysts assign the ratings globally on a five-tier scale with three positive ratings of Gold, Silver and Bronze.

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.



Twenty largest equity holdings (%)

Rio Tinto	5.0
HSBC	5.0
British American Tobacco	4.6
BP	3.9
Galliford Try	3.6
Imperial Brands	3.4
OSB	3.2
M&G	3.2
Chesnara	2.8
Legal & General	2.8
Barclays	2.3
TP ICAP	2.3
Drax Group	2.2
Conduit Holdings	2.1
Coats	2.1
CMC Markets	2.0
Ithaca Energy	2.0
International Personal Finance	2.0
Pennon Group	1.8
Johnson Matthey	1.8
Total	58.1

Total number of investments 55

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



Aberdeen Equity Income Trust plc



1 year Premium/(Discount) Chart (%)



Ten largest positions relative to the reference index (%)

Overweight Stocks	Portfolio	Reference Index	Relative
Galliford Try	3.6	0.0	3.6
OSB	3.2	0.1	3.1
M&G	3.2	0.2	2.9
Chesnara	2.8	0.0	2.8
Rio Tinto	5.0	2.3	2.8
Imperial Brands	3.4	0.9	2.6
Legal & General	2.8	0.5	2.3
TP ICAP	2.3	0.1	2.2
Conduit Holdings	2.1	-	2.1
Drax Group	2.2	0.1	2.1

Fund managers' report

Market review

UK equities finished the year on a positive note following another cut in interest rates and signs of improving business sentiment. The FTSE 100 Index generated a total return of 2.3% in December, to post a total return for the year of almost 26%, its strongest performance since 2009. Large-cap stocks were supported by gains among financial companies and miners in December. Meanwhile, the FTSE All-Share Index generated a total return of 2.2% over the month and the more domestically-focused FTSE 250 generated a total return of 1.6%.

In economic news, the Consumer Prices Index declined to an annual rate of 3.2% in November. The Bank of England's Monetary Policy Committee voted narrowly in favour of a 0.25% interest-rate cut, and officials said that further gradual monetary easing was expected in 2026. UK GDP declined by 0.1% in October, mirroring September's performance, while the unemployment rate rose to 5.1% in the three months to October. This represented the highest level since the end of the pandemic. More up-to-date figures provided some grounds for optimism, with businesses apparently welcoming the certainty provided by November's Budget.

Fund managers' report continues overleaf

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

^C Expressed as a percentage of average daily net assets for the year ended 30 September 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 The 'Active Share' percentage is a measure used to describe what portion of the Trust's holdings differ from the Reference index holdings.

Sector allocation (%)

Financials	39.6
Industrials	14.0
Energy	12.7
Consumer Staples	9.9
Basic Materials	8.5
Utilities	5.6
Real Estate	5.4
Consumer Discretionary	4.3
Total	100.0

Composition of the portfolio by market capitalisation (Ex Cash) (%)

FTSE 100	49.7
FTSE 250	40.0
FTSE Small Cap	4.4
FTSE AIM	2.1
Other	3.7
Total	100.0

Key information

Calendar

Launch Date	14 Nov 1991
Accounts Published	December
Annual General Meeting	February
Dividends Paid	March, June, September, January

Trust information

Fund Manager	Thomas Moore
Gross Assets	£218.4 million
Borrowing	£22.5 million
Yield (Net)	5.7%
Current Annual Dividend Rate (Per Share)	23.0p
Market Capitalisation	£197.8 million
Premium / (Discount)	1.0%
12 Month High	2.3%
12 Month Low	(4.4)%
Net cash/(gearing) ^B	(10.7)%
Annual Management Fee	0.55% per annum of net assets
Ongoing Charges ^C	0.84%
Active Share percentage ^D	71.8%

Fund managers' report - continued

Private-sector output increased in December and UK firms reported the fastest rise in new orders in over a year.

Performance

Performance benefited from our holding in OSB Group, which rallied on the announcement by the Bank of England's Prudential Regulation Authority that the company will no longer be required to comply with the MREL (minimum requirements for eligible liabilities) regulatory regime from 1 January 2026. This will reduce OSB's funding costs over time, freeing up capital to be returned to shareholders or deployed in growing the loan book.

Performance also benefited from our holding in Rio Tinto. The company's capital markets day outlined plans to increase earnings by 40-50% in the six years to 2030, adding around US\$10 billion of earnings, by simplifying and sharpening the organisation, driving volume growth and cost savings.

The holding in DCC detracted from performance as the stock sold off after the tender offer returned some proceeds from the sale of the healthcare division.

Performance was also impacted by our holding in Speedy Hire: the shares weakened on signs that UK construction activity is remaining subdued, constraining demand for plant hire.

Activity

We added to our holding in British Land, which is benefiting from improving occupation trends in London offices and UK retail parks. A period of minimal additional new floor space since the Covid-19 pandemic coupled with improving demand trends has resulted in a sharp reduction in vacancy rates, which tends to be the precursor to a surge in rental growth. This improvement is not priced in at a valuation of 0.7 times net asset value.

We also added to our holding in Diageo as we expect the appointment as new CEO of Sir Dave Lewis (formerly of Tesco and Unilever) to deliver an effective turnaround, with a likely focus on operational efficiency, costs, marketing and brand-building.

We sold the holding in Berkeley Group as the London housing market remains burdened by high levels of regulation and taxation, as well as low levels of affordability, causing house prices to remain subdued. This challenging environment has led to Berkeley guiding to zero profit growth throughout 2026 and 2027.

We also took some profits in Johnson Matthey after a strong rally in response to proactive action taken by the management team to deliver value for shareholders by breaking up the group.

Outlook

UK equities remain cheap relative to other markets, providing the portfolio with a wide range of attractively valued stocks. We have carefully constructed the portfolio to deliver a combination of dividend yield, dividend growth and capital growth. We believe that companies generating the cash flow to pay attractive dividends and buy back their own shares can also deliver good capital growth for shareholders. Our index-agnostic approach is a key advantage, giving us the flexibility to select winning ideas from across the market-cap spectrum.

Our focus on valuation points us towards companies with the potential to deliver a valuation re-rating as positive change is recognised. The combination of a rising stream of earnings and a rising earnings multiple can be very powerful for the share prices of companies undergoing positive change. We see high dividend yield as a key area of opportunity that is ripe for exploring. We believe this opportunity exists because investors have mistakenly written off high-yield stocks as value traps. Political uncertainty will remain a constant, creating bouts of volatility, but we continue to see the current market environment as conducive to our investment process.

Important information overleaf

AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

Capital structure

Ordinary shares	48,971,522
Treasury shares	207,245

Allocation of management fees and finance costs

Capital	70%
Revenue	30%

Trading details

Reuters/Epic/ Bloomberg code:	AEI
ISIN code	GB0006039597
Sedol code	0603959
Stockbrokers	J.P. Morgan Cazenove
Market makers	CNKS, INV, JPMS, NUMS, PEEL, PMUR, WINS



Factsheet

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



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Aberdeen Equity Income Trust plc

Statement of Operating Expenses

Publication date: 18 December 2025

Recurring Operating Expenses (£000s)	Year ending 30 Sep 2025	% of NAV	Year ending 30 Sep 2024	% of NAV	% Change (YOY)
Management Fee (inc AIFM)	919	0.56%	840	0.56%	9.4%
Promotional activities	109	0.07%	109	0.07%	0.0%
Directors remuneration	131	0.08%	136	0.09%	-3.7%
Employers NI	8	0.00%	8	0.01%	0.0%
Depository fees	20	0.01%	19	0.01%	0.0%
Auditors' remuneration	40	0.02%	37	0.02%	8.1%
Professional activities	35	0.02%	3	0.00%	1066.7%
Other administrative expenses	117	0.07%	146	0.10%	-19.9%
Ongoing Operating Expenses (ex indirect fund management expenses)	1,379	0.84%	1,298	0.86%	6.2%
Expenses relating to investments in other collective investments		0.00%		0.00%	
Ongoing Operating Expenses (inc indirect fund management expenses)	1,379	0.84%	1,298	0.86%	6.2%
Average Net Asset Value	164,305		150,930		8.9%
Operating Expense Ratio (ex indirect fund management expenses)	0.84%		0.86%		
Operating Expense Ratio (inc indirect fund management expenses)	0.84%		0.86%		
Transaction costs and other one-off expenses (£000s)	Year ending 30 Sep 2025	% of NAV	Year ending 30 Sep 2024	% of NAV	% Change (YOY)
Transaction costs	369	0.22%	456	0.30%	-19.1%
Performance fees		0.00%		0.00%	
Other non-recurring expenses	28	0.02%	1	0.00%	2700.0%
Total	397	0.24%	457	0.30%	-13.1%

Current Service Providers

AIFM	abrdn Fund Managers Limited
Investment Manager	abrdn Investment Management Limited
Company Secretary	abrdn Holdings Limited
Fund Accounting Services	BNP Paribas Fund Services UK Limited
Auditor	Johnston Carmichael LLP
Depository & Custodian	BNP Paribas S.A. London Branch
Registrar	Computershare Investor Services PLC
Corporate Broker	JPMorgan Cazenove

Summary of Current Key Commercial Arrangements

The Company has appointed abrdn Fund Managers Limited ("AFML"), a wholly-owned subsidiary of abrdn plc, as its alternative investment fund manager. AFML has been appointed to provide investment management, risk management, administration and company secretarial services, and promotional activities to the Company.

The Company's portfolio is managed by abrdn Investment Management Limited ("aIML") by way of a group delegation agreement in place between AFML and aIML. AFML has sub-delegated administrative and secretarial services to abrdn Holdings Limited and fund accounting services to BNP Paribas Fund Services UK Limited.

Further details of the fees payable to the Manager are shown in notes 3 and 4 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 NAV
% of Net Assets	0.55%
Directors fee rates (£)	Year ending 30 Sep 2025
Chair	39,000
Senior Independent Director	29,000
Chair of Audit & Risk Committee	33,500
Chair of Remuneration & Management Engagement Committee	29,000
Director	27,500
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.
- 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.
- 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.
- 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.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- The Alternative Investment Market (AIM) is a flexible, international market that offers small and growing companies the benefits of trading on a world-class public market within a regulatory environment designed specifically for them. AIM is owned and operated by the London Stock Exchange. Companies that trade on AIM may be harder to buy and sell than larger companies and their share prices may move up and down very sharply because they have lower trading volumes and also because of the nature of the companies themselves. In times of economic difficulty, companies listed on AIM could fail altogether and you could lose all your money.
- The Company invests in the securities of smaller companies which are likely to carry a higher degree of risk than larger companies.

Other important information:

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