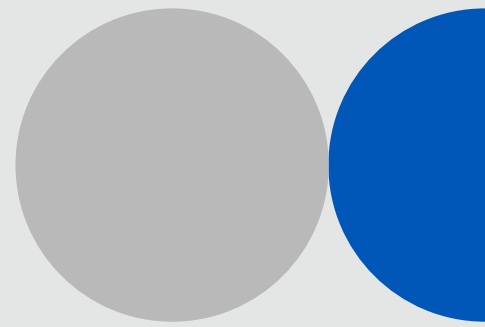


Shires Income PLC

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

Performance Data and Analytics to 30 June 2024



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 30/06/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	236.5p	(3.5)	8.1	7.7	3.8	0.3	13.3
NAV ^a	265.7p	(2.8)	4.8	8.2	13.1	12.8	27.8
FTSE All-Share		(1.2)	3.7	7.4	13.0	23.9	30.9

Discrete performance (%)

	30/06/24	30/06/23	30/06/22	30/06/21	30/06/20
Share Price	3.8	5.6	(8.5)	21.5	(7.1)
NAV ^a	13.1	3.0	(3.1)	23.1	(8.0)
FTSE All-Share	13.0	7.9	1.6	21.5	(13.0)

Total return; NAV cum income, with 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: abrdn Investments Limited, Lipper and Morningstar.

Past performance is not a guide to future results.

^a Including current year revenue.

^b © 2024 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf> The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>.

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 (%)

AstraZeneca	4.9
Shell	3.9
BP	3.1
Morgan Sindall	3.0
HSBC	2.6
Intermediate Capital	2.4
Rio Tinto	2.4
Energiean	2.3
Inchcape	2.3
National Grid	2.3
Total	29.2

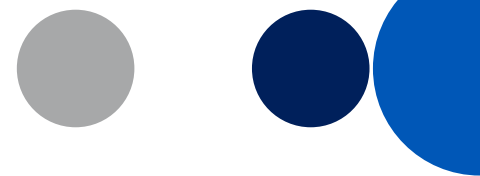
Fixed income holdings (%)

Ecclesiastical Insurance 8.875%	4.5
Royal & Sun Alliance 7.375%	4.3
Santander 10.375%	3.5
General Accident 7.875%	3.3
Standard Chartered 8.25%	2.5
Lloyds Bank 11.75%	0.7
Rea Holdings 9%	0.5
Standard Chartered 7.375%	0.2
Total	19.5

Total number of investments 62

All sources (unless indicated): abrdn: 30 June 2024.





1 Year Premium/Discount Chart (%)



Fund managers' report

Market Commentary

The most notable macro event of the month was the European Central Bank's decision to cut interest rates by 0.25%, its first rate cut since 2019. May's inflation data showed annual price rises of 2.6% across the eurozone, slightly higher than April's figure of 2.4%, but the cut signalled central bank confidence in the inflation outlook. The ECB's action followed a similar rate cut from the Bank of Canada, given falling inflation in the country. However, the US Federal Reserve kept rates unchanged when its rate-setting committee met in June. US core inflation edged up by 0.1% month on month in May, rising 2.6% over the year, as lower goods prices offset more costly services. In the UK, as annual consumer price inflation fell from 2.3% in April to 2.0% in May, the Bank of England kept rates unchanged but indicated it may cut rates in August. Government bond yields fell in both the US and the UK. Corporate bonds rose but performed slightly worse than government bonds. The broad commodity index rose in June. Oil prices increased after the OPEC+ meeting early in the month, Gold and silver fell back slightly from recent highs.

Global equities rose in June, albeit with some regional variation. Falling inflation figures and good corporate results were positive for markets, although election fears caused some pullback in Europe. Equity indices rose in the US, Japan and emerging markets but fell in Europe and the UK. The MSCI World Index returned 2.07% in June (total return in US dollars). France was among the worst-performing countries in response to the announcement of a snap general election, called after a surge in votes for the far-right National Rally in the European elections. UK shares also finished the month lower, as investors grew wary before the general election in early July. The mid and small-cap FTSE 250 Index trailed the blue-chip FTSE 100 Index.

Performance

After a very strong April and May, the portfolio gave back some recent gains, returning -2.8% in the month and underperforming the benchmark which returned -1.2%. Despite a weaker month, performance remains ahead of the benchmark on a 3, 6 and 12 month basis.

The market was generally in a risk-off mood, not helped by the French elections which increased uncertainty for the EU in particular. This was reflected in the performance of the French names in the portfolio, with Engie

Fund managers' report continues overleaf

^C 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.

^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 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	36.6
Energy	15.1
Industrials	11.5
Health Care	8.5
Utilities	7.4
Consumer Discretionary	4.8
Basic Materials	4.6
Consumer Staples	3.9
Telecommunications	3.4
Real Estate	2.6
Technology	1.6
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	1.10%
Annual management fee	0.45% up to £100m and 0.4% over £100m on net assets and long term borrowings
Premium/(Discount)	(11.0%)
Yield ^D	6.0%
Active share ^E	70.3%

Gearing (%)

Equities ^F	(7.8)
Net cash/(gearing) ^G	(15.5)

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt

	£'000	%
Equities (inc. Cnv's)	101,028	92.2
Fixed Income	25,240	23.0
Total investments	126,268	115.2
Cash & cash equivalents	1,975	1.7
Other net assets	285	0.3
Debt	(18,966)	(17.3)
Net Assets	109,562	99.9

Capital structure

Ordinary shares	41,369,542
3.5% Cumulative Preference shares	50,000

Allocation of management fees and finance costs

Capital	50%
Revenue	50%

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.abrdn.com/trustupdates www.shiresincome.co.uk



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Fund managers' report – continued

falling 15%, Axa 8% and TOTAL 6%. Overall, European holdings detracted 0.5% from relative performance.

Other names that performed poorly in June included IP Group, with shares down by 23%. This reflected somewhat lacklustre results and a lack of news flow and realisations from the portfolio. In a risk-off environment we also saw energy names give back some recent strength, with Energean falling 15% and Diversified Energy 12%.

More positively, Wood Group rose 10% following management's decision to engage with an offer of 230p per share for the company from an industrial buyer, Sidara. While we see the bid as somewhat opportunistic, management are right to engage given the attractive premium and risk in remaining independent. We also saw strength in some preference shares following the decision by the owners of RSA to table a tender offer for the outstanding preference shares given they will no longer count as regulatory capital from next year. This represented a premium to the traded price and gave an implied yield of 6% - we see this as a fair offer and the preference shares rose by 10% over the month.

Trading

We made a number of trades in the portfolio to enhance income. We topped up positions in National Grid, Enel, Reckitt Benckiser and Imperial Brands, reflecting attractive yields rather than a change in our fundamental view of the companies. To fund them we trimmed Engie, Hiscox, Axa and 4Imprint where recent dividend payments mean there is less income generated over the remainder of the financial year.

We also exited one position, Greggs. The company has performed very well since we added it to the portfolio in November last year, 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 yield now compressed and shares trading at over 21x earnings, we see the company as more fairly valued.

Outlook

The result of the UK General Election earlier this month came as no surprise, yet it marks the first change of governing party in the UK for some time. It's therefore worth thinking about how this impacts our outlook for the trust. Labour policies announced to date have been relatively down-the-middle, with little to meaningfully disrupt the status quo. Current high levels of taxation and a government deficit mean any new government has limited wriggle room on policy. However, the tone, indicating a pro-growth and relatively market friendly economic policy is encouraging. Our hope is that a government with a large majority and limited internal arguments can get things done and provide political and economic stability at a time when it is somewhat lacking elsewhere. That will be good news for the UK, and for the UK stock market, hopefully helping to close the valuation gap that remains to other developed markets.

We continue to like the UK market and the high levels of yield on offer from both dividends and buybacks. And although the majority of revenues earned by companies listed on the UK market come from international sales, we like domestic exposure at the moment as well. Recent GDP results for the UK have beaten expectations and the Labour manifesto is most notably positive for a number of domestic sectors, such as housebuilders and construction. From our point of view, construction remains a stand-out sector and we have been overweight via Balfour Beatty, Kier and Morgan Sindall for some time. Improvements in the quality of the sector over the last decade are not yet recognised by the market - with better management, strong net cash balance sheets and improved order books, it's a case of the market writing off a sector as low quality without seeing its strengths. With Labour now pushing for more spending on construction and infrastructure we expect that to change.

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

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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