

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 31/05/25	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	266.0p	6.2	6.5	18.2	15.3	12.4	56.2
NAV ^a	279.5p	6.0	4.5	7.4	8.0	20.0	57.0
FTSE All-Share		4.1	1.5	7.3	9.4	26.8	69.0

Discrete performance (%)

	31/05/25	31/05/24	31/05/23	31/05/22	31/05/21
Share Price	15.3	5.8	(7.9)	12.4	23.6
NAV ^a	8.0	15.6	(3.8)	4.1	25.7
FTSE All-Share	9.4	15.4	0.4	8.3	23.1

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 (%)

AstraZeneca	3.6
Morgan Sindall	3.3
Shell	3.2
National Grid	2.5
HSBC	2.5
Diversified Energy	2.5
Telecom Plus	2.3
Sirius Real Estate Ltd	2.2
M&G	2.2
Energear	2.2
Total	26.5

Fixed income holdings (%)

Ecclesiastical Insurance	4.9
Santander 10.375%	3.9
Nationwide Building Society 10.25%	3.8
Standard Chartered 8.25%	2.8
General Accident 7.875%	1.6
Lloyds Bank 11.75%	0.8
Rea Holdings 9%	0.6
Standard Chartered 7.375%	0.2
Total	18.6

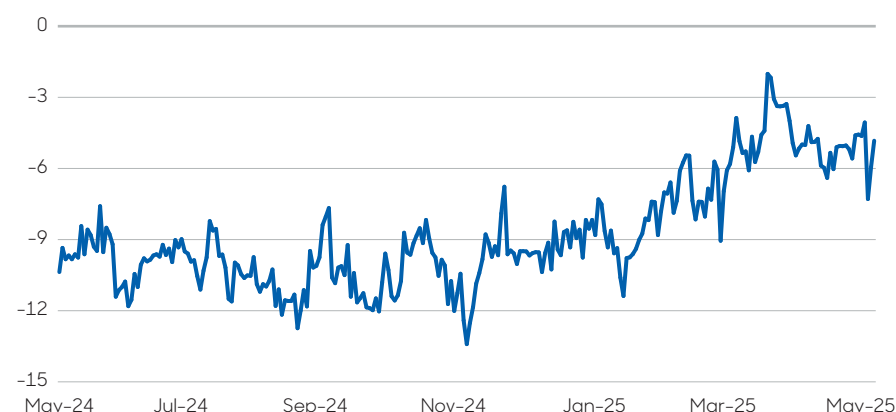
Total number of investments

59

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



1 Year Premium/Discount Chart (%)



Fund managers' report

Market commentary

Global equities outperformed bonds in May for the first time since January as recession fears eased on the back of temporary US-China tariff relief news. At the same time, developed market treasuries, especially in more indebted countries like the US, Japan and UK, sold off sharply as the market concerns shifted from tariffs back to the longstanding deficit concerns. There remained an increased lack of conviction in US assets, with trust in government policy eroded and the US Dollar and government bonds declined in the month. Despite this, US equities were resilient due to the expected boost to growth from proposed tax cuts which offset higher rates headwinds. Europe and EM equities performed strongly as well, benefitting from a weaker USD. Global sector leadership was cyclically driven as tariff relief news boosted the more economically cyclical names. Tech rose the most, boosted by Big Tech while Industrials and Discretionary also outperformed despite the mixed Q1 earnings season. Financials fared well on strong results and higher yields, but commodity sectors underperformed due to weaker oil prices and subdued results. In the UK, the defensive and commodity-tilted FTSE 100 lagged while the mid-cap and more domestically weighted FTSE 250 outperformed on rate cuts by the Bank of England and a stronger pound.

Performance

The trust delivered a strong month of performance, with the net asset value per share rising by 6% and the share price by 6.2%. These returns compare to the FTSE All-Share benchmark which rose by 4.1%. Outperformance in the month was driven primarily by stock selection, although we benefitted from an underweight position in consumer staples which continue to perform poorly, not helped by a lower US dollar.

On an individual stock basis, although energy was a poor sector overall this month, we had some excellent performance from the more gas weighted names in the portfolio. Diversified Energy increased by 14% as US gas prices improved, while Serica Energy (+20%) and GTT (+13%) delivered strong returns. Elsewhere, financials continued to perform well, with M&G (+14%) a standout performer after positive results and announcement of a strategic investment from Japanese insurer Dai-ichi Life. UK domestics rebounded in the month (Kier +16%, Greggs +12%) and there was also a recovery for some names that were impacted by tariff escalation, including 4Imprint (+14%) and Bodycote (+19%).

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	32.7
Energy	13.4
Industrials	12.7
Technology	6.9
Utilities	6.1
Consumer Discretionary	5.9
Real Estate	5.7
Health Care	5.4
Consumer Staples	3.7
Basic Materials	3.5
Telecommunications	2.9
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)	(4.8)%
Yield ^d	5.4%
Active share ^e	73.9%

Gearing (%)

Equities ^f	(7.4)
Net cash/(gearing) ^g	(14.9)

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Fund managers' report – continued

There were few poor performers in a strong month, although Holly wood Bowl (-10%) had a slightly soft trading statement, with business not helped by warm weather. Imperial Brands (-7%) sold off slightly after announcement that a well-regarded CEO was stepping down.

Trading

At the start of the month we sold out of Convatec. This is a very well-run company which has performed well, but with yield compressed to below 2% we see other positions more suited to the goals of the trust. The proceeds were reinvested in Informa, which is a commercial information and exhibition business and has been a long-term compounder with a track record of dividend growth. The concern over tariff policy has led shares to underperform year to date and pushed the yield up to around 3.5%. We see this as an opportunity for longer term growth at a reasonable price.

Following a bid for Assura we sold out and switched into other UK real estate holdings where we have high conviction – SafeStore, Sirius Real Estate and London Metric. We also sold our position in Engie after a few weeks. In that time shares have risen and we have collected the annual dividend, so a chance to reallocate to other ideas.

We bought back into Greggs, having sold out last June, since when the stock has underperformed by ~40%, creating a chance to buy back into what remains a high-quality retailer at a more reasonable price. To fund the purchase we sold out of Dunelm. This was another short holding period, as shares have risen 25% since purchase 3 months ago and hit our target price, with a special dividend also received.

We also bought into audio-visual supplier Midwich, which has struggled cyclically but has long term recovery potential. It is a founder led business with a great track record which we think will get back to growth once the cycle improves. That may take some time, but there is an attractive dividend while we wait.

We sold out of the holding in 4Imprint. The shares have bounced post tariff introduction, but it remains a cyclical business with some evidence of marketing spend effectiveness reducing. Given the weaker outlook for the US Dollar, the appeal of overseas earnings is also lower for now. We used proceeds to buy into UK retailer Pets at Home, which is valued attractively given the strength of its vets business which is winning market share and a very high return on capital business model.

Outlook

The trust has always tried to maintain a relatively defensive position, helped by its allocation to preference shares which tend to prove resilient compared to equities in times of turbulence. Recent years, with markets rising inexorably towards new all-time highs, have tested that approach. However, the decision to retain a defensive stance is straightforward: Delivering a high level of income and resilience is what is most important to many investors. And capital growth hasn't been bad either, with growth only just shy of the market in a strongly positive year last year!

Of course, there are times when it is right to take on more risk. Right now does not feel like one of those times, though. I am somewhat amazed that market levels have recovered so quickly from the "Liberation Day" policy announcements, with all major markets now back above levels at the end of March. While tariff rhetoric has cooled, it is hard to argue that recession risks have not increased in the interim. Employment data in the US (and indeed the UK) has weakened and short cycle industrial measures have dipped. Given US equities trade at significant premia to long term averages on every valuation metric, the risk appears skewed to the downside in my view. That is even before you layer in increased conflict in the Middle East this week and the potential for a spike in energy prices, removing a deflationary impulse many rely on.

We therefore remain very focused on delivering income growth over time and a reliable outcome for investors. That puts the portfolio in a position of strength, and if markets do sell off, we will be looking for opportunities.

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)	103,480	92.6
Fixed Income	24,255	21.7
Total investments	127,735	114.3
Cash & cash equivalents	2,366	2.0
Other net assets	670	0.6
Debt	(18,977)	(17.0)
Net Assets	111,795	100.0

Capital structure

Ordinary shares	40,079,048
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



Contact

Private investors

trusts@aberdeenplc.com

Institutional Investors

InvestmentTrustInvestorRelations-UK@aberdeenplc.com

Ben Heatley

Head of Closed End Fund Sales
Ben.Heatley@aberdeenplc.com

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)
Recurring Operating Expenses (£000s)					
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%
Operating Expense Ratio (ex indirect fund management expenses)	1.09%		1.03%		
Operating Expense Ratio (inc indirect fund management expenses)	1.10%		1.17%		
Transaction costs and other one-off expenses (£000s)					
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
Total	221	0.26%	89	0.11%	148.3%

Service providers as at year ended 31 March 2024

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
Depositary & 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. 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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