Shires Income PLC

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

Performance Data and Analytics to 31 March 2025

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 31/03/25	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	255.5p	1.0	7.9	6.9	22.4	9.1	69.6
NAV[A]	265.8p	(1.9)	1.4	2.4	9.3	12.7	68.2
FTSE All-Share		(2.2)	4.5	4.1	10.5	23.3	76.5

Discrete performance (%)

	31/03/25	31/03/24	31/03/23	31/03/22	31/03/21
Share Price	22.4	(5.6)	(5.5)	18.4	31.2
NAV[A]	9.3	4.9	(1.7)	11.4	34.0
FTSE All-Share	10.5	8.4	2.9	13.0	26.7

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.

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	3.9
HSBC	3.9
Shell	3.9
Morgan Sindall	2.9
National Grid	2.6
Diversified Energy	2.2
Rio Tinto	2.2
Imperial Brands	2.2
Energean	2.1
Assura PLC	2.1
Total	**28.1**

Fixed income holdings (%)

Ecclesiastical Insurance	5.0
Nationwide Building Society 10.25%	4.0
Santander 10.375%	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	**18.8**

Total number of investments 59

[A] Including current year revenue.
[B] 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.

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

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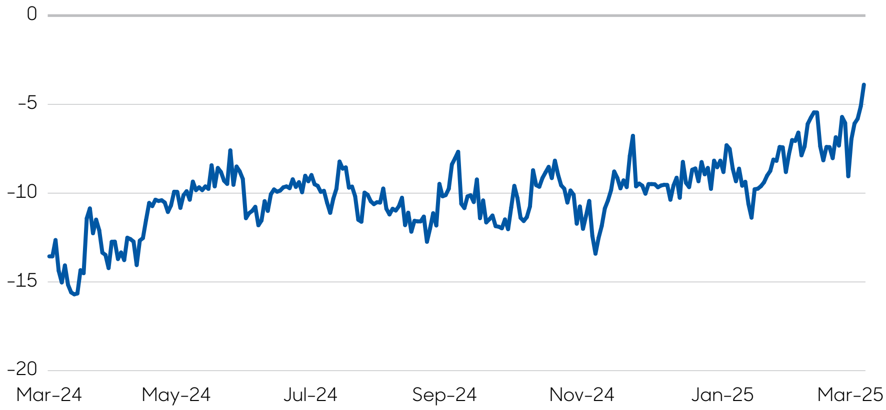
1 Year Premium/Discount Chart (%)



Fund managers' report

Market Commentary

Central banks in the UK and the US kept interest rates unchanged in March, while they were reduced by 0.25% in Europe. Policymakers are awaiting clarity on how President Trump's policies might affect inflation and economic growth. Bonds fell over the month, with riskier debt underperforming safer government and corporate bonds. The European Central Bank (ECB) cut rates by 0.25% in March, its sixth reduction in nine months. The Bank has stuck to its easing path amid economic headwinds, as it trimmed the region's 2025 growth forecast to 0.9%. The Bank of England also kept rates unchanged, as expected. UK CPI inflation eased to 2.8% in February, though it remained above the Bank's 2% target. Oil and natural gas prices also rose after delays to a proposed ceasefire between Russia and Ukraine, which was intended to halt fighting in the Black Sea and protect energy infrastructure.

March was a difficult month for most stock markets, after the US enacted tariffs and threatened further measures targeting Canada, Mexico and the EU. These moves were aimed at encouraging domestic investment and reshoring, as well as securing political concessions such as increased defence spending in Europe. Investors were unsettled by President Trump's apparent disregard for the risks of economic disruption and higher inflation. US equities fell sharply, with the S&P 500 Index recording its worst monthly return since 2022 and the Nasdaq Composite Index entering technical correction territory. Japanese and developed Asian indices weakened as investors pulled back from carmakers and technology stocks. In Europe, French, Swiss, German, Italian and Spanish equities saw broad declines. The UK's attempts to secure exemptions from global tariffs remained ongoing. UK equities fell from record highs earlier in the month, with the FTSE 250 Index lagging the blue-chip FTSE 100 Index in a risk-off market. Emerging markets were more resilient. Indian stocks rose as banks advanced on expectations of interest-rate cuts, while Chinese equities were supported by strong earnings and upbeat growth forecasts.

Performance

The trust's NAV dipped by 1.9% in March, outperforming its benchmark, the FTSE Alll-Share, which fell 2.2%. The end of March marks the end of our financial year and over the year the trust delivered a positive NAV return of 9.3%. although this lagged the benchmark slightly (+10.5%) this is as expected given the weighting to fixed income makes the portfolio more defensive. Encouragingly, the share price rose 22.4% over the course of the year as the discount decreased, a positive outcome for shareholders.

Over the month, the portfolio benefitted from strong stock selection in consumer discretionary and financials, offset by weaker stock selection in energy. On an individual

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 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	33.2
Energy	14.1
Industrials	12.0
Health Care	6.6
Technology	6.4
Real Estate	6.1
Utilities	5.8
Consumer Discretionary	4.5
Consumer Staples	3.9
Basic Materials	3.8
Telecommunications	3.6
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)	(3.9)%
Yield[D]	5.6%
Active share[E]	71.1%

Gearing (%)

Equities[F]	(6.4)
Net cash/(gearing)[G]	(16.6)

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

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Fund managers' report - continued

stock basis the best performer was Assura, the healthcare property specialist, which was subject to a bid from private equity and rose 13%. Our position in General Accident preference shares rose 11% after a tender offer from the issuer. Sirius Real Estate rose by 7%, reflecting a stronger outlook for the German economy post-relaxation of debt restrictions. The company's exposure to German mid-market industrial real estate makes it well positioned to benefit from a reacceleration in economic activity in the country.

In a difficult market there were a number of weak performers over the month. Melrose fell 25% on concerns around the impact of higher tariffs on the business, and industrial names were generally weak, with Smurfit Westrock down 15% and Bodycote down 13%. Wood Group continued to struggle after the announcement of the results of an internal review into accounting which revealed mis-reporting in prior periods. Shares fell 25%.

Trading

March was an active month for trading. At the start of the month, we sold out of our remaining position in 4Imprint, reflecting potential headwinds from higher tariffs and slower economic activity in the US. We like the stock long term, but saw it priced fairly at those levels, with yield only marginally above the benchmark level. We also trimmed BP given analyst preference for other names in the sector and a decision to reduce our exposure to oil given the uncertain economic outlook.

We started a new position in self-storage provider SafeStore. The shares have been very weak recently and now offer a 5%+ yield with final dividend imminent. Shares are at a material discount to NAV providing downside protection.

In the middle of the month, we topped up some names that had been weak, including Diversified Energy and Melrose where we retain conviction in the longer term investment case. We trimmed holdings in Standard Chartered and Imperial Brands after good performance. We also sold out of our remaining position in Novo Nordisk. This has been a great holding over recent years but has moved down our healthcare analysts' order of preference and offers limited yield. Some of the proceeds were reinvested in sector top pick Astra Zeneca.

At the end of the month, we switched our UK bank exposure from NatWest to Lloyds. This provides an income benefit due to dividend timing and we see some near-term catch-up potential for Lloyds on clarity over investigations into historic motor finance deals.

We also bought back into 4Imprint after just a month. Over that time the shares had pulled back on US activity concerns. It remains a quality name with track record of winning market share and pays a cash special soon. Having sold the shares 30% higher earlier in the month we were happy to buy them back with concerns more reflected, even if we are likely to see some more tariff turbulence in the short term. We funded the purchase by selling Games Workshop. A great company, but now more reasonably priced having more than doubled since we purchased the position.

Outlook

The outlook for global markets has changed substantially in the last month, with President Trump's introduction of trade tariffs at a level well above expectations. This has led to a sharp move lower in markets, while rapid revisions to policy have led to a high degree of uncertainty – always unhelpful for investing. Undoubtedly, the chances of a bad outcome and a recession have increased, although, as we have already seen, the US administration can change policy and remove or renegotiate tariffs very quickly. Pressure from bond markets may mean this policy is somewhat diluted by the time we get to the end of the 90-day pause period.

For UK equities, we would make the following points. The UK's 10% baseline tariffs on US exports is relatively benign and there is little indication that the Government intends to join other nations in retaliating, for now. Given the UK's services-oriented economy, it is relatively less exposed to tariffs. Looking for silver linings, tariffs might prove to be deflationary as products shift away from the US and there is increased potential for Bank of England rate cuts, and the Government remains focused on stimulating growth. While economists forecast anemic GDP growth this year, UK cyclical businesses are likely to be relatively shielded from tariff wars and could stand to benefit from lower interest rates. UK Bond yields have fallen sharply and are now pricing in 3 interest rate cuts in 2025 from 2 previously. Valuation remains attractive compared to other markets and in times of uncertainty the high level of yield generated by the UK market becomes particularly attractive for investor returns.

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)	99,870	93.6
Fixed Income	23,474	22.0
Total investments	123,343	115.6
Cash & cash equivalents	1,244	1.1
Other net assets	1,067	1.0
Debt	(18,975)	(17.8)
Net Assets	**106,679**	**100.0**

Capital structure

Ordinary shares	40,214,596
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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Shires Income PLC

Statement of Operating Expenses **Publication date: 14 October 2024**

Recurring Operating Expenses (£000s)	**Year ended 31 Mar 2024**	**% of Average NAV**	**Year ended 31 Mar 2023**	**% of Average NAV**	**% Change (YOY)**
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)	**Year ended 31 Mar 2024**	**% of Average NAV**	**Year ended 31 Mar 2023**	**% of Average NAV**	**% Change (YOY)**
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.invtrusts.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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