

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 30/06/25	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	292.0p	9.8	15.8	24.9	31.1	43.7	59.8
NAV ^a	290.0p	3.8	10.5	12.0	15.2	34.2	60.0
FTSE All-Share		0.5	4.4	9.1	11.2	35.5	67.3

Discrete performance (%)

	30/06/25	30/06/24	30/06/23	30/06/22	30/06/21
Share Price	31.1	3.8	5.6	(8.5)	21.5
NAV ^a	15.2	13.1	3.0	(3.1)	23.1
FTSE All-Share	11.2	13.0	7.9	1.6	21.5

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 (%)

Morgan Sindall	4.0
AstraZeneca	3.8
Shell	3.8
National Grid	2.9
Diversified Energy	2.9
HSBC	2.8
M&G plc	2.7
Sirius Real Estate Ltd	2.6
SSE	2.5
Telecom Plus	2.4
Total	30.4

Fixed income holdings (%)

Ecclesiastical Insurance	5.6
Nationwide Building Society 10.25%	5.2
Santander 10.375%	4.5
Standard Chartered 8.25%	3.3
Lloyds Bank 11.75%	0.9
Rea Holdings 9%	0.7
Standard Chartered 7.375%	0.3
Total	20.5

Total number of investments 59

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



1 Year Premium/Discount Chart (%)



Fund managers' report

Market Commentary

The US Federal Reserve kept rates stable in June and US CPI came in slightly ahead of expectations. However, investors still expect two rate cuts this year and attention is shifting to upcoming employment data, which may show the impact of federal spending cuts and tariff-related disruptions. Yields also declined amid speculation that President Trump could attempt to sideline Fed Chair Jerome Powell before the end of his term, potentially by appointing an interim 'shadow' chair. In the UK, the Bank of England held the Bank Rate at 4.25% and inflation reports showed annual CPI eased slightly to 3.4% in May, as expected. Gilt yields fell as data indicated a weaker labour market. The European Central Bank (ECB) delivered its fourth rate cut of the year, taking the deposit facility rate to 2.0%.

Global equities climbed in June despite escalating tensions in the Middle East. Stocks rose in the US, Japan, emerging markets and the UK but fell in Europe excluding the UK. The MSCI World Index returned 4.35% (total return in US dollars). Markets initially fell after a joint Israeli-US missile strike on Iranian nuclear facilities but quickly rebounded after a US-brokered ceasefire. The tensions caused volatility in energy markets, as oil spiked early in June then fell back, finishing the month higher overall.

Performance

The trust delivered a total return of 3.8% in the month. This compares to our reference benchmark, the FTSE All-Share, which returned 0.5%. At the half-way point for the year, NAV return of 12% compares to 9% from the reference benchmark.

The best performer in the month was Morgan Sindall (+24%), which again upgraded guidance. The company's Fit Out division continues to perform ahead of expectations, but its construction business is also performing very well. In the same sector, Kier also saw shares rally (+18%) after a successful CMD which set out the potential growth from its property investment business. Energy names generally benefitted from commodity price strength around the short-lived Israel-Iran conflict. Hunting was +17% and Serica Energy +10% in the month.

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	31.2
Industrials	13.4
Energy	13.3
Technology	6.7
Consumer Discretionary	6.5
Utilities	6.1
Real Estate	5.7
Health Care	5.1
Basic Materials	4.5
Consumer Staples	3.6
Telecommunications	2.7
Communication Services	1.3
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)	0.68%
Yield ^d	4.9%
Active share ^e	74.3%

Gearing (%)

Equities ^f	(6.3)
Net cash/(gearing) ^g	(14.4)

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Fund managers' report – continued

While the portfolio generally performed very well, one under performer was Greggs. This was a recent purchase, adding back a stock which had underperformed in the last year but where we still like the underlying quality of the business. Immediately after purchase the shares rallied on a strong trading update but gave that back this month (-7%) after sales slowed. We are unconcerned by this – the main driver of the two updates was weather. At the first, warm weather helped sales. At the second, too warm weather harmed sales. This will even out over time, and we shouldn't read too much, whether good or bad, into these figures.

Trading

The tender process for the General Accident preference shares held in the trust completed in June. As previously stated, we saw the tender price as fair, giving a 5.6% yield at the sales price. The proceeds were primarily reinvested in adding to our position in Nationwide 10.25% perpetual debt, which had a yield of 7.8% at purchase, a nice uplift to income. A small remainder of the cash was reinvested in topping up Ashmore and ME Group following positive recent management meetings.

At the end of the month, we took the decision to exit ASML for now. There is no debate that this is one of the highest quality companies in the market, with seemingly insurmountable barriers to competition in a growing end market. However, we do see some risk to earnings estimates in 2026/27 and with a low dividend yield we simply see other opportunities that fit the goals of the trust more closely. The proceeds were used to introduce Victrex, which is a specialist chemical manufacturer making a durable thermoplastic called PEEK. The company has faced a cyclical downturn for some time but is starting to see signs of improvement in its higher margin healthcare end market and recently signed a material order to supply material for subsea piping. We see some short term uncertainty but are happy to start a position in the view that we are close to the cyclical low and the company has a strong enough balance sheet to deliver value to shareholders.

Outlook

The most notable performer in the portfolio this month was Morgan Sindall, which has been a long-term holding that has delivered excellent returns. This month's positive trading update continued a track record of beating earnings expectations, although with a strong market position and excellent management team we shouldn't be too surprised about that. Morgan Sindall is also an interesting example of how the market is trading UK stocks this year. After an excellent 2024, the shares came into the new year at all time highs. However, with increased negativity about UK economic growth we saw UK domestic names and mid-cap stocks sold off heavily in the first quarter. By the time we got to the end of March, Morgan Sindall shares had retraced by 25%, a distinct negative for the portfolio. This reflected the market trading themes rather than company specifics, and as the company has updated positively the shares have recovered strongly and are now over 50% up from the lows and over 20% up from the start of the year.

At the start of July, negativity around the UK economy has returned again and UK domestic names have again experienced a period of weakness. There are some good reasons for this, with softer economic data and a government struggling to accept that higher taxes and higher public spending will not deliver the right outcome for the country. That means we need to look carefully at the UK domestic names in our portfolio. While we are overweight UK mid-caps, and this may be a headwind in the short term, we remain very confident on specific stocks. Even those most dependent on the UK economy, such as housebuilder Taylor Wimpey, will benefit from lower interest rates if things worsen from here. So, we should focus on the fundamentals and be active and ready to buy any periods of weakness – that way we can hopefully enjoy more performance like Morgan Sindall this month.

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)	108,671	93.7
Fixed Income	23,702	20.4
Total investments	132,373	114.1
Cash & cash equivalents	2,248	1.8
Other net assets	351	0.3
Debt	(18,978)	(16.4)
Net Assets	115,994	100.0

Capital structure

Ordinary shares	40,043,527
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: 21 July 2025

	Year ended 31 Mar 2025	% of Average NAV	Year ended 31 Mar 2024	% of Average NAV	% Change (YOY)
Recurring Operating Expenses (£000s)					
Management Fee (inc AIFM)	653	0.60%	420	0.49%	55.5%
Custody fees and bank charges	12	0.01%	11	0.01%	9.1%
Promotional activities	55	0.05%	50	0.06%	10.0%
Professional fees	2	0.00%	25	0.03%	-92.0%
Directors remuneration	149	0.14%	141	0.17%	5.7%
Directors & officers liability insurance	11	0.01%	11	0.01%	0.0%
Auditors' remuneration	57	0.05%	60	0.07%	-5.0%
Trade subscriptions	32	0.03%	32	0.04%	0.0%
Printing, postage and stationery	12	0.01%	28	0.03%	-57.1%
Share plan costs	-	0.00%	30	0.04%	-100.0%
Registrars fees	47	0.04%	39	0.05%	20.5%
Other administrative expenses	64	0.06%	78	0.09%	-17.9%
Ongoing Operating Expenses (ex indirect fund management expenses)	1,094	1.00%	925	1.09%	18.3%
Expenses relating to investments in other collective investments		0.00%		0.01%	
Ongoing Operating Expenses (inc indirect fund management expenses)	1,094	1.00%	925	1.10%	18.3%
Average Net Asset Value	109,660		85,134		28.8%
Operating Expense Ratio (ex indirect fund management expenses)	1.00%		1.09%		
Operating Expense Ratio (inc indirect fund management expenses)	1.00%		1.10%		
	Year ended 31 Mar 2025	% of Average NAV	Year ended 31 Mar 2024	% of Average NAV	% Change (YOY)
Transaction costs and other one-off expenses (£000s)					
Transaction costs	271	0.25%	197	0.23%	37.6%
Performance fees		0.00%		0.00%	
Other non-recurring expenses	6	0.01%	24	0.03%	-75.0%
Total	277	0.25%	221	0.26%	25.3%

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	Equiniti 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%

	Year ended 31 Mar 2025	Year ended 31 Mar 2024	% change YoY
Directors fee rates (\$)			
Chair	43,500	41,000	6.1%
Chair of Audit & Risk Committee	35,000	33,500	4.5%
Senior Independent Director	31,500	30,000	5.0%
Director	30,500	29,000	5.2%
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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