

abrden Equity Income Trust plc

Equity income using an index-agnostic approach
focusing on our best ideas from the full UK market
cap spectrum

Performance Data and Analytics to 31 August 2022

Investment objective

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

Benchmark

FTSE All-Share Index.

Cumulative performance (%)

	as at 31/08/22	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	324.5p	0.5	(11.6)	(8.3)	(4.1)	10.9	(8.2)
NAV	359.7p	(0.8)	(6.1)	(1.4)	(2.9)	8.9	(3.5)
FTSE All-Share Index		(1.7)	(3.6)	(1.3)	1.0	12.0	17.8
FTSE 350 Higher Yield Index		(0.3)	(4.1)	3.3	14.1	16.9	18.5

Discrete performance (%)

	31/08/22	31/08/21	31/08/20	31/08/19	31/08/18
Share Price	(4.1)	44.7	(20.0)	(23.1)	7.7
NAV	(2.9)	38.3	(19.0)	(15.1)	4.4
FTSE All-Share Index	1.0	26.9	(12.6)	0.4	4.7
FTSE 350 Higher Yield Index	14.1	31.9	(22.3)	(2.7)	4.2

Source: abrden, total returns. The percentage growth figures are calculated over periods on a mid to mid basis.
Past performance is not a guide to future results.

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Morningstar Analyst Rating™



^A 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™



^A 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 (%)

BP	5.5
Shell	4.8
Thungela Resources	4.8
Glencore	3.6
BHP	3.3
Diversified Energy	3.2
SSE	3.2
British American Tobacco	2.8
Rio Tinto	2.7
Barclays	2.6
Close Brothers	2.5
OSB	2.4
CMC	2.4
Imperial Brands	2.2
Standard Chartered	2.2
Chesnara	2.1
Vistry	2.0
Legal & General	1.9
Mondi	1.8
Anglo American	1.8
Total	57.8

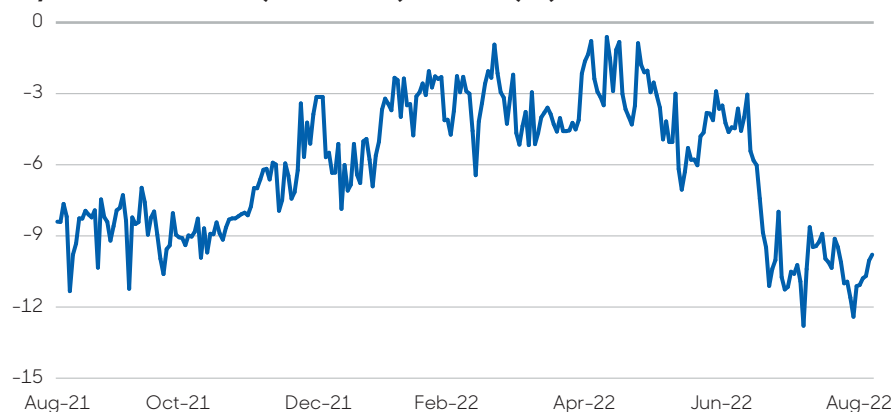
Total number of investments 69

All sources (unless indicated): abrden: 31 August 2022.



abrdrn Equity Income Trust plc

1 year Premium/(Discount) Chart (%)



Ten largest positions relative to the benchmark (%)

Overweight Stocks	Portfolio	Benchmark	Relative
Thungela Resources	4.8	-	4.8
BHP	3.3	-	3.3
Diversified Energy	3.2	0.0	3.2
SSE	3.2	0.7	2.5
BP	5.5	3.0	2.5
Close Brothers	2.5	0.1	2.4
CMC	2.4	0.0	2.4
OSB	2.4	0.1	2.3
Chesnara	2.1	0.0	2.1
Vistry	2.0	0.1	1.9

Fund managers' report

Market review

Following a positive start to the month, UK equities dropped back towards the end of August as volatile trading conditions resumed. Overall, the blue-chip FTSE 100 Index (-1.1%) fared better than the mid and small-cap FTSE 250 Index, which lost 5.2% in sterling terms. The rising strength of the dollar against the pound helped maintain the valuations of large multinational companies listed on the London market.

UK inflation reached 10.1% in July and the Bank of England (BoE) raised its bank rate by 50 basis points to 1.75% – its sixth hike since December 2021. The BoE said that UK inflation was likely to rise even further in the autumn, possibly beyond 13%, when the current cap on energy costs is due to be lifted. Investors priced in further interest-rate hikes over the final months of 2022. Pressure increased on the two candidates in the Conservative party leadership election to develop plans to help businesses and households cope with the impending increases in energy bills.

Growing fears of a global slowdown dragged energy and commodities prices lower towards the month-end, with prices of oil and mining companies falling as a result. The UK's manufacturing sector recorded its steepest fall in output since the start of the pandemic in early 2020, data from the S&P Global/CIPS Purchasing Managers' Index (PMI) showed.

Performance

The portfolio outperformed in August, delivering a net asset value total return of -0.8% as the market shifted towards value stocks set to benefit from rising

Fund managers' report continues overleaf

Sector allocation (%)

Financials	30.0
Energy	20.8
Basic Materials	12.5
Industrials	10.5
Consumer Discretionary	7.9
Consumer Staples	7.4
Utilities	4.7
Real Estate	3.1
Health Care	1.7
Telecommunications	1.1
Cash	0.3
Total	100.0

Composition by market capitalisation (Ex Cash) (%)

FTSE 100	48.7
FTSE 250	27.4
FTSE AIM	6.0
Other	17.9
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	£197.1 million
Borrowing	£25.0 million
Yield (Net)	6.7%
Current Annual Dividend Rate (Per Share)	21.8p
Market Capitalisation	£155.3 million
Discount	(10.8)
12 Month High	(0.6)%
12 Month Low	(12.8)%
Current Equity Net Gearing	14.2%
Potential Gearing	(5%) to 25%



Fund managers' report – continued

inflation, notably resource stocks. This compared with a total return of -1.7% for the FTSE All-Share Index.

The portfolio benefited from holding coal business Thungela Resources and natural gas business Diversified Energy, both of which benefited from ongoing tightness in global energy markets. Our position in OneSavings Bank also added value: it announced very strong results, growing at double-digit pace while making a return on equity of over 20%. Banking stocks, including our position in Standard Chartered, also rallied strongly on rising rate expectations and not holding HSBC was a detractor to performance.

On the downside, shares in housebuilder Vistry fell as sentiment towards the sector weakened on fears over rising mortgage rates. The holding in CFD business CMC Markets fell after a trading update that signalled higher costs of strategic growth initiatives.

Activity

We added to our holding in Barclays, where we see the significant discount to book value as incongruous with rising capital generation, helped by rising net interest margins as interest rates are increased. We also added to our holding in TP ICAP: its results highlighted improving activity levels, helped by increasing base rates globally and the shift from quantitative easing to quantitative tightening. In addition, TP ICAP is a major beneficiary of the strong US dollar (with costs largely in sterling). The management team is also taking action to accelerate revenue growth by investing in the Fusion electronic platform, the Parameta data/post-trade business and the buy-side platform. The valuation of 7 times EPS appears to offer significant re-rating potential.

We took some profits in Go-Ahead following the approval of the acquisition of the company by a consortium made up of Australian bus operator Kinetic and infrastructure specialist Globalvia. We saw the valuation as fair. We also sold shares in Premier Miton as industry-wide headwinds are likely to impede the recovery in fund flows.

Outlook

Our investment process seeks to identify under-appreciated stocks that have the potential to benefit from positive change in their corporate fundamentals. Periods of macro disruption can create valuation opportunities which can play out once market conditions stabilise.

We have constructed the portfolio using a high conviction, index-agnostic approach. This means that we ignore index weightings and invest in our best ideas where we see the greatest total return. We see a benefit over time from investing in small and mid-cap stocks where inefficiencies are most prevalent, given the lack of research analysts covering these stocks.

The current period of higher inflation is transforming the backdrop against which we are investing. We are identifying companies with strong cash flows, driving growth in dividends. We have consciously positioned the portfolio in stocks and sectors that have the most attractive dividend growth prospects. As we enter more inflationary conditions, we are finding stocks that can help to protect shareholders against the rising cost of living. Higher inflation is a function of higher input prices, such as rising oil prices and commodity prices, higher interest rates and higher wages. We believe that there are certain sectors which can benefit from this environment, specifically financials and resources.

^B Expressed as a percentage of average daily net assets for the year ended 30 September 2021. 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.

^C The 'Active Share' percentage is a measure used to describe what portion of the Trust's holdings differ from the benchmark index holdings.

Important information overleaf

Trust information continued

Trust Annual Management Fee	0.65% per annum of net assets up to £175 million, 0.55% per annum of net assets above £175 million
Ongoing Charges ^B	0.93%
Active Share percentage ^C	83.9%

AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

Capital structure

Ordinary shares	47,846,178
Treasury shares	1,332,589

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	CENK, JPMS, NUMS, PEEL, WINS



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.investments.co.uk/#signup or www.abrdnequityincome.com



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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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