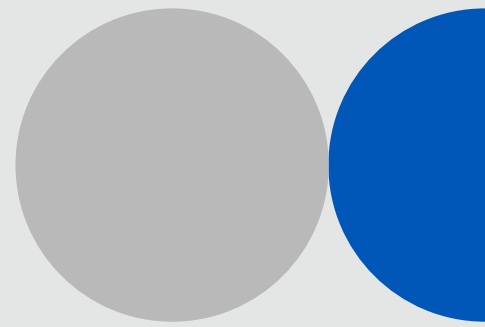


# abrdn Equity Income Trust plc

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 December 2024



## Investment objective

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

## Reference Index

FTSE All-Share Index.

## Cumulative performance (%)

	as at 31/12/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	325.0p	2.3	2.9	9.5	13.2	12.6	10.4
NAV	329.3p	(1.3)	1.0	4.2	11.4	6.2	3.6
FTSE All-Share Index		(1.2)	(0.4)	1.9	9.5	18.5	26.5
FTSE 350 Higher Yield Index		(0.8)	0.8	1.9	11.0	33.1	32.5

## Discrete performance (%)

	31/12/24	31/12/23	31/12/22	31/12/21	31/12/20
Share Price	13.2	(6.3)	6.2	22.1	(19.7)
NAV	11.4	(2.4)	(2.3)	18.1	(17.5)
FTSE All-Share Index	9.5	7.9	0.3	18.3	(9.8)
FTSE 350 Higher Yield Index	11.0	7.1	12.1	20.5	(17.4)

Source: abrdn, total returns. The percentage growth figures are calculated over periods on a mid to mid basis. NAV total returns are calculated on a cum-income basis.

**Past performance is not a guide to future results.**

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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 Analyst Rating™



<sup>A</sup> 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™



<sup>A</sup> 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.

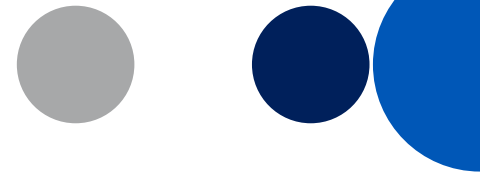
## Twenty largest equity holdings (%)

Imperial Brands	5.7
BP	4.3
British American Tobacco	4.1
HSBC	3.7
National Grid	3.3
Petershill Partners	3.3
Galliford Try	3.3
Barclays	3.2
NatWest	3.1
Berkeley	3.1
Rio Tinto	3.0
Conduit	2.9
TP ICAP	2.7
Legal & General	2.6
M&G	2.6
Diversified Energy	2.1
Shell	2.0
CMC	2.0
Chesnara	2.0
Quilter	1.9
<b>Total</b>	<b>60.8</b>

**Total number of investments 52**

All sources (unless indicated): abrdn: 31 December 2024.





## 1 year Premium/(Discount) Chart (%)



## Ten largest positions relative to the benchmark (%)

Overweight Stocks	Portfolio	Benchmark	Relative
Imperial Brands	5.7	0.9	4.8
Petershill Partners	3.3	0.0	3.3
Galliford Try	3.3	0.0	3.2
Berkeley	3.1	0.2	2.9
Conduit	2.9	-	2.9
TP ICAP	2.7	0.1	2.6
M&G	2.6	0.2	2.4
Diversified Energy	2.1	0.0	2.1
Legal & General	2.6	0.6	2.1
CMC	2.0	0.0	2.0

## Fund managers' report

### Market review

UK equities declined in December as inflation continued to rise and the domestic economic outlook remained gloomy. Investors were also concerned that the pace of interest-rate cuts in 2025, both in Britain and the US, could be slower than previously expected. There was no "Santa Rally" in December as the FTSE 100 Index delivered a total return of -1.3% over the month while the more domestically focused FTSE 250 returned -0.6%. The UK Consumer Prices Index came in at an annual rate of 2.6% in November, in line with analysts' expectations but up on October's 2.3% reading. The Bank of England left the base rate unchanged at 4.75% at its December meeting, and officials reiterated that further cuts would be dependent on inflation returning towards the 2% target. New data showed the UK economy had contracted slightly in October, while GDP figures for the third quarter of 2024 were revised lower. More up-to-date research indicated that business output had recovered to some extent in December, although private-sector employment was reported to have declined at its fastest rate in almost four years.

### Performance

In December, the Trust's net asset value total return was negative but it narrowly outperformed its benchmark. Performance benefited from the

<sup>9</sup> Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

Fund managers' report continues overleaf

## Sector allocation (%)

Financials	43.0
Energy	15.8
Industrials	11.2
Consumer Staples	9.7
Utilities	6.6
Basic Materials	5.1
Real Estate	4.9
Consumer Discretionary	1.4
Cash	2.3
<b>Total</b>	<b>100.0</b>

## Composition by market capitalisation (Ex Cash) (%)

FTSE 100	50.4
FTSE 250	28.8
FTSE Small Cap	12.1
FTSE AIM	2.3
Other	6.5
<b>Total</b>	<b>100.0</b>

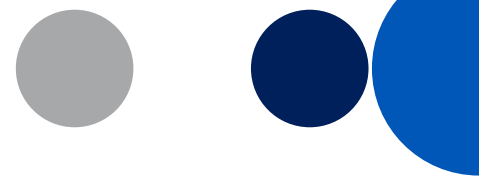
## Key information

### 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	£182.2 million
Borrowing	£22.5 million
Yield (Net)	7.0%
Current Annual Dividend Rate (Per Share)	22.9p
Market Capitalisation	£155.3 million
Premium / (Discount)	(1.3)%
12 Month High	0.5%
12 Month Low	(11.7)%
Net cash/(gearing) <sup>9</sup>	(10.0)%
Annual Management Fee	0.55% per annum of net assets



## Fund managers' report – continued

holding in Galliford Try. The shares responded positively to an encouraging AGM update that indicated continued growth in the firm's order book. Chesnara stock rose on the announcement of a bolt-on acquisition. M&A is a key part of the company's stated strategy to create value for shareholders. Conversely, the holding in CMC Markets weighed on returns after the company published disappointing first-half results. Performance was also hit by the holding in Berkeley, which weakened on fears around the impact of government policy on demand for their homes, as well as the effect of rising bond yields on the UK mortgage market.

### Activity

We bought a new position in low-cost airline easyJet, which is making rapid progress towards its medium-term targets, doubling its profit per seat through fleet upgrades, holidays and route optimisation. We also introduced a new holding in sales, marketing and support services firm DCC. Its recent strategic review has concluded that the group should break up, disposing of its healthcare and technology divisions and focusing on energy, which generates higher and less variable returns. We exited the position in housebuilder Crest Nicholson following the decision by Bellway to walk away from bid discussions. In this sector, we prefer companies with lower operational risk and more attractive dividends. We also sold miner Glencore following a shift in the company's capital allocation towards acquisitions and away from dividends. At the same time, commodity prices remain under pressure from weak Chinese demand.

### Outlook

UK equities remain cheap relative to other markets, setting a low bar for upward share price movements on the announcement of positive news. We see the valuation opportunity as two-fold. Firstly, the companies in the FTSE 100 Index generate 78% of their revenues outside the UK, meaning these are internationally-focused businesses that should, but often do not, trade at similar valuations to their global peers. We will continue to seek out these valuation anomalies among large caps. Secondly, the FTSE 250 and Small Cap indexes are far more domestically focused, generating over 50% of their revenues in the UK and therefore far more dependent on the British economy. Household cash flows are in good shape, although consumer confidence remains weak, resulting in a tendency to save rather than spend. After a long period of political uncertainty, investors are looking for signs of a pick-up in economic activity before allocating to domestic stocks.

Regardless of the macroeconomic situation, we will continue to scour the UK market for undervalued stocks with the potential to deliver growth that surprises the market. We are encouraged that we have recently uncovered a large number of companies that have delivered a significant valuation re-rating, either due to better-than-expected results or M&A activity. The identification of these stocks can be extremely powerful for performance, as share prices respond to increased earnings or higher price-earnings multiples.

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 30 September 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.

<sup>d</sup> 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

Ongoing Charges <sup>c</sup>	0.86%
Active Share percentage <sup>d</sup>	75.6%

## AIFMD Leverage Limits

Gross Notional	3x
Commitment	2x

## Capital structure

Ordinary shares	47,781,522
Treasury shares	1,397,245

## 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	CNKS, INV, JPMS, NUMS, PEEL, PMUR, WINS



## Factsheet

Receive the factsheet by email as soon as it is available by registering at [www.abrdrn.com/trustupdates](http://www.abrdrn.com/trustupdates) or [www.abrdrn.com/AEI](http://www.abrdrn.com/AEI)



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# abrdrn Equity Income Trust plc

## Statement of Operating Expenses

Publication date: 19 December 2024

Recurring Operating Expenses (£000s)	Year ending 30 Sep 2024	% of NAV	Year ending 30 Sep 2023	% of NAV	% Change (YOY)
Management Fee (inc AIFM)	840	0.56%	1,006	0.63%	-16.5%
Promotional activities	109	0.07%	109	0.07%	0.0%
Directors remuneration	136	0.09%	127	0.08%	7.1%
Depository fees	19	0.01%	19	0.01%	0.0%
Auditors' remuneration	37	0.02%	65	0.04%	-43.1%
Other administrative expenses	157	0.10%	161	0.10%	-2.5%
Ongoing Operating Expenses (ex indirect fund management expenses)	1,298	0.86%	1,487	0.94%	-12.7%
Expenses relating to investments in other collective investments		0.00%		0.00%	
Ongoing Operating Expenses (inc indirect fund management expenses)	1,298	0.86%	1,487	0.94%	-12.7%
Average Net Asset Value	150,930		158,676		-4.9%
<b>Operating Expense Ratio (ex indirect fund management expenses)</b>	<b>0.86%</b>		<b>0.94%</b>		
<b>Operating Expense Ratio (inc indirect fund management expenses)</b>	<b>0.86%</b>		<b>0.94%</b>		

Transaction costs and other one-off expenses (£000s)	Year ending 30 Sep 2024	% of NAV	Year ending 30 Sep 2023	% of NAV	% Change (YOY)
Transaction costs	456	0.30%	243	0.15%	87.7%
Performance fees		0.00%		0.00%	
Other non-recurring expenses	1	0.00%	27	0.02%	-96.3%
<b>Total</b>	<b>457</b>	<b>0.30%</b>	<b>270</b>	<b>0.17%</b>	<b>69.3%</b>

## Current Service Providers

AIFM	abrdrn Fund Managers Limited
Investment Manager	abrdrn Investment Management Limited
Company Secretary	abrdrn Holdings Limited
Fund Accounting Services	BNP Paribas Fund Services UK Limited
Auditor	Johnston Carmichael LLP
Depository & Custodian	BNP Paribas S.A. London Branch
Registrar	Computershare Investor Services PLC
Corporate Broker	JPMorgan Cazenove

## Summary of Current Key Commercial Arrangements

The Company has appointed abrdrn Fund Managers Limited ("AFML"), a wholly-owned subsidiary of abrdrn plc, as its alternative investment fund manager. AFML has been appointed to provide investment management, risk management, administration and company secretarial services, and promotional activities to the Company.

The Company's portfolio is managed by abrdrn Investment Management Limited ("aIML") by way of a group delegation agreement in place between AFML and aIML. AFML has sub-delegated administrative and secretarial services to abrdrn Holdings Limited and fund accounting services to BNP Paribas Fund Services UK Limited.

Further details of the fees payable to the Manager are shown in notes 3 and 4 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 NAV
% of Net Assets	0.55%

Directors fee rates (£)	Year ending 30 Sep 2024	Year ending 30 Sep 2023	% Change (YOY)
Chair	37,500	34,500	8.7%
Senior Independent Director	28,000	24,500	14.3%
Chair of Audit & Risk Committee	32,000	30,000	6.7%
Chair of Remuneration & Management Engagement Committee	28,000	26,000	7.7%
Director	26,500	24,500	8.2%
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.
- 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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