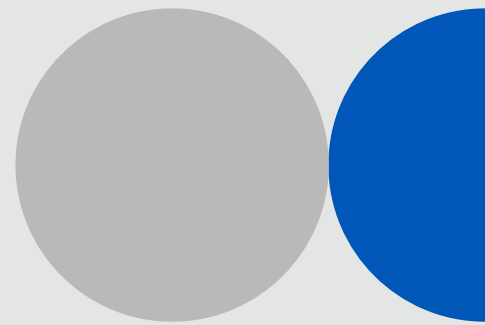


# abrDN Equity Income Trust plc

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

Performance Data and Analytics to 30 September 2024



## 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 30/09/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	321.5p	0.3	6.4	20.2	10.4	13.3	17.7
NAV	331.6p	(1.2)	3.2	11.4	13.3	6.5	10.7
FTSE All-Share Index		(1.3)	2.3	6.1	13.4	23.9	32.2
FTSE 350 Higher Yield Index		(1.4)	1.1	6.8	11.9	38.7	35.7

## Discrete performance (%)

	30/09/24	30/09/23	30/09/22	30/09/21	30/09/20
Share Price	10.4	11.4	(7.8)	47.1	(29.4)
NAV	13.3	1.7	(7.6)	39.8	(25.7)
FTSE All-Share Index	13.4	13.8	(4.0)	27.9	(16.6)
FTSE 350 Higher Yield Index	11.9	15.2	7.5	36.8	(28.4)

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	4.7
National Grid	4.1
BHP	4.0
British American Tobacco	3.8
The Berkeley Group	3.8
BP	3.6
Rio Tinto	3.4
Conduit	3.2
SSE	3.1
Legal & General	3.1
Petershill Partners	2.8
M&G	2.8
CMC	2.7
Barclays	2.5
HSBC	2.4
OSB	2.3
Shell	2.3
TP ICAP	2.2
Assura	2.2
Galliford Try	2.1
<b>Total</b>	<b>61.2</b>

**Total number of investments 50**

All sources (unless indicated): abrDN: 30 September 2024.



# abrdrn Equity Income Trust plc

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



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

Overweight Stocks	Portfolio	Benchmark	Relative
BHP	4.0	-	4.0
Imperial Brands	4.7	0.8	3.9
The Berkeley Group	3.8	0.2	3.6
Conduit	3.2	-	3.2
Petershill Partners	2.8	0.0	2.8
CMC	2.7	0.0	2.7
M&G	2.8	0.2	2.6
Legal & General	3.1	0.6	2.5
SSE	3.1	0.9	2.2
OSB	2.3	0.1	2.2

## Fund managers' report

### Market review

UK equities declined in September, lagging the gains seen across global markets. Large-cap stocks were hit by a fall in oil prices following reports that Saudi Arabia was considering abandoning its unofficial \$100-a-barrel target. The FTSE 100 returned -1.5%, but the more domestically focused FTSE 250 rose 0.1%. This came despite a muted backdrop with investors in Britain concerned about the possibility of imminent tax rises after the UK Government warned of a 'black hole' in the public finances. In economic news, the UK Consumer Prices Index remained at 2.2% in August, and the Bank of England opted to leave interest rates unchanged, in contrast to central banks in Europe and the US. Official data indicated the UK economy had unexpectedly failed to grow in July. More up-to-date figures showed a slowing of private-sector expansion in September, with businesses reportedly concerned about potential tax hikes and policy changes in the autumn Budget. The prospect of higher taxes also led to a decline in consumer confidence during the month.

<sup>B</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	41.4
Energy	14.5
Basic Materials	10.3
Utilities	8.9
Consumer Staples	8.5
Industrials	6.7
Real Estate	6.2
Consumer Discretionary	2.4
Cash	1.1
<b>Total</b>	<b>100.0</b>

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

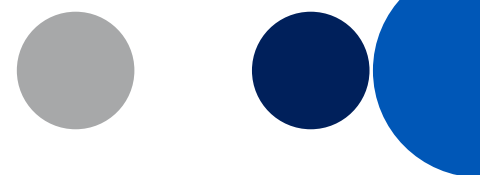
FTSE 100	48.9
FTSE 250	27.4
FTSE Small Cap	11.9
FTSE AIM	2.4
Other	9.4
<b>Total</b>	<b>100.0</b>

## 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	£180.9 million
Borrowing	£22.5 million
Yield (Net)	7.1%
Current Annual Dividend Rate (Per Share)	22.8p
Market Capitalisation	£153.6 million
Premium / (Discount)	(3.0)%
12 Month High	2.8%
12 Month Low	(11.7)%
Net cash/(gearing) <sup>B</sup>	(13.1)%
Annual Management Fee	0.55% per annum of net assets
Ongoing Charges <sup>C</sup>	0.94%
Active Share percentage <sup>D</sup>	75.5%



## Fund managers' report – continued

### Performance

In September, the Trust's net asset value total return on an ex-income basis declined in sterling terms and performed in line with its benchmark. Performance benefited from the holding in BHP. The stock rallied after officials in China announced a package of stimulus measures designed to lift a faltering economy. The holding in Centamin also added to relative performance after the shares surged on a bid from miner AngloGold Ashanti. On the negative side, the holding in Close Brothers detracted from returns. The company announced the sale of its asset management business, a decision taken to help support the firm's capital position. However, the price agreed was lower than investors had expected. Ithaca Energy shares also underperformed as oil prices fell on concerns about global demand and the potential for higher levels of supply from OPEC member states.

### Activity

We added to the Trust's holding in Petershill Partners as the company's success in private market fundraising is driving consistent growth in assets under management as well as earnings. Despite this progress, the stock is trading well below the company's net asset value per share. We also started a new holding in Barratt Developments. The firm is trading solidly, with an improving reservation rate helped by falling mortgage costs. At the same time, Barratt's acquisition of Redrow could deliver significant cost savings and revenue synergies. We sold our holding in Hargreaves Lansdown following a bid from a private equity consortium. This is an example of the potential of our investment approach to identify businesses whose strong fundamentals are not adequately reflected in their valuations. We also sold our holding in Centamin following the bid from AngloGold Ashanti. This deal highlights the value we can add by seeking out unloved UK mid- and small-cap stocks that trade at a material discount to their global peers.

### Outlook

We are positioning the portfolio in stocks where we see the potential for a combination of dividend yield, dividend growth and valuation re-rating. While a more stable macroeconomic backdrop would increase the number and breadth of stock opportunities offering all of these characteristics, we are also aiming to identify stock-specific catalysts that should make our holdings less dependent on an economic upturn. Many of our holdings generate strong cash flows, supporting both an attractive level of dividends and share buybacks, yet they trade at a meaningful valuation discount to the FTSE All-Share Index. We therefore see a significant valuation re-rating opportunity.

Our holdings are benefiting from a range of positive catalysts including encouraging company earnings announcements and an increase in the level of M&A activity, with several holdings receiving bids in recent months. In addition, interest in UK equities appears to be picking up as macro sentiment improves. Overall, this creates a more positive backdrop for the UK market than we have seen for some time.

<sup>c</sup> Expressed as a percentage of average daily net assets for the year ended 30 September 2023. 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

### 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.abrdn.com/trustupdates](http://www.abrdn.com/trustupdates) or [www.abrdn.com/AEI](http://www.abrdn.com/AEI)



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# abrdn Equity Income Trust plc

## Statement of Operating Expenses

Publication date: 11 October 2024

	Year ended 30 Sep 2023	% of Average NAV	Year ended 30 Sep 2022	% of Average NAV	% Change (YOY)
<b>Recurring Operating Expenses (£000s)</b>					
Management Fee (inc AIFM)	1,006	0.63%	1,117	0.63%	-9.9%
Custody fees and bank charges	9	0.01%	10	0.01%	-10.0%
Promotional activities	109	0.07%	103	0.06%	5.8%
Directors remuneration	127	0.08%	105	0.06%	21.0%
Depositary fees	19	0.01%	22	0.01%	0.0%
Auditors' remuneration	65	0.04%	40	0.02%	62.5%
Other administrative expenses	152	0.10%	142	0.08%	7.0%
Ongoing Operating Expenses (ex indirect fund management expenses)	1,487	0.94%	1,539	0.86%	-3.4%
Expenses relating to investments in other collective investments		0.00%		0.05%	
Ongoing Operating Expenses (inc indirect fund management expenses)	1,487	0.94%	1,539	0.91%	-3.4%
Average Net Asset Value	158,676		178,283		-11.0%
<b>Operating Expense Ratio (ex indirect fund management expenses)</b>	<b>0.94%</b>		<b>0.86%</b>		
<b>Operating Expense Ratio (inc indirect fund management expenses)</b>	<b>0.94%</b>		<b>0.91%</b>		
<b>Transaction costs and other one-off expenses (£000s)</b>					
Transaction costs	243	0.15%	231	0.13%	5.2%
Performance fees		0.00%		0.00%	
Other non-recurring expenses	27	0.02%	42	0.02%	-35.7%
<b>Total</b>	<b>270</b>	<b>0.17%</b>	<b>273</b>	<b>0.15%</b>	<b>-1.1%</b>

## Current Service Providers

AIFM	abrdn Fund Managers Limited
Investment Manager	abrdn Investment Management Limited
Company Secretary	abrdn Holdings Limited
Fund Accounting Services	BNP Paribas Fund Services UK Limited
Auditor	Johnston Carmichael LLP
Depositary & 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 abrdn Fund Managers Limited (AFML), a wholly-owned subsidiary of abrdn 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 abrdn 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 abrdn 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 Net Assets
% of Net Assets	0.55%

Directors fee rates (£)	Year ended 30 Sep 2023	Year ended 30 Sep 2022	% change YoY
Chair	34,500	32,000	7.8%
Chair of Audit Committee	30,000	27,500	9.1%
Chair of Remuneration & Management Engagement Committee	26,000	24,000	8.3%
Director	24,500	22,500	8.9%
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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