

## 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<br>28/02/25 | 1<br>month | 3<br>months | 6<br>months | 1<br>year | 3<br>years | 5<br>years |
|-----------------------------|-------------------|------------|-------------|-------------|-----------|------------|------------|
| Share Price                 | 325.0p            | 0.8        | 4.1         | 5.0         | 28.2      | 12.0       | 36.8       |
| NAV                         | 330.9p            | (1.2)      | 0.9         | 2.1         | 22.8      | 10.0       | 22.3       |
| FTSE All-Share Index        |                   | 1.3        | 5.7         | 5.2         | 18.4      | 27.7       | 53.4       |
| FTSE 350 Higher Yield Index |                   | 1.7        | 6.5         | 6.7         | 22.6      | 35.9       | 64.8       |

## Discrete performance (%)

|                             | 28/02/25 | 28/02/24 | 28/02/23 | 28/02/22 | 28/02/21 |
|-----------------------------|----------|----------|----------|----------|----------|
| Share Price                 | 28.2     | (16.7)   | 4.8      | 20.3     | 1.6      |
| NAV                         | 22.8     | (12.8)   | 2.7      | 14.1     | (2.6)    |
| FTSE All-Share Index        | 18.4     | 0.6      | 7.3      | 16.0     | 3.5      |
| FTSE 350 Higher Yield Index | 22.6     | (2.8)    | 14.1     | 20.8     | 0.4      |

Source: Aberdeen, 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.

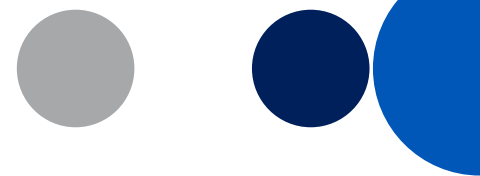
## Twenty largest equity holdings (%)

|                          |             |
|--------------------------|-------------|
| Imperial Brands          | 5.5         |
| BP                       | 4.9         |
| HSBC                     | 4.4         |
| British American Tobacco | 4.3         |
| Barclays                 | 3.7         |
| NatWest                  | 3.7         |
| Petershill Partners      | 3.5         |
| Rio Tinto                | 3.0         |
| Galliford Try            | 3.0         |
| The Berkeley Group       | 2.8         |
| Legal & General          | 2.8         |
| M&G                      | 2.8         |
| TP ICAP                  | 2.7         |
| Conduit                  | 2.4         |
| Shell                    | 2.3         |
| Ithaca Energy            | 2.1         |
| Chesnara                 | 1.9         |
| OSB                      | 1.9         |
| Quilter                  | 1.8         |
| National Grid            | 1.8         |
| <b>Total</b>             | <b>61.4</b> |

**Total number of investments 53**

All sources (unless indicated):  
Aberdeen: 28 February 2025.





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



## Ten largest positions relative to the reference index (%)

| Overweight Stocks   | Portfolio | Reference Index | Relative |
|---------------------|-----------|-----------------|----------|
| Imperial Brands     | 5.5       | 0.9             | 4.6      |
| Petershill Partners | 3.5       | 0.0             | 3.5      |
| Galliford Try       | 3.0       | 0.0             | 3.0      |
| The Berkeley Group  | 2.8       | 0.1             | 2.7      |
| TP ICAP             | 2.7       | 0.1             | 2.6      |
| M&G                 | 2.8       | 0.2             | 2.6      |
| Conduit             | 2.4       | -               | 2.4      |
| NatWest             | 3.7       | 1.3             | 2.3      |
| Legal & General     | 2.8       | 0.6             | 2.2      |
| BP                  | 4.9       | 2.8             | 2.1      |

## Fund managers' report

### Market review

UK equities rose in February as the Bank of England cut interest rates again and officials predicted that economic growth in Britain was on course to recover in the second half of the year. The month's gains were concentrated among large-cap stocks, with the FTSE 100 Index delivering a total return of 2.0% to end February at a new all-time high of 8,809 points, while the Trust's reference index, the FTSE All-Share Index, returned 1.3%. Defence and aerospace companies performed particularly well after the government announced plans to increase military spending. However, the more domestically focused FTSE 250 produced a negative return of -2.9%. The UK Consumer Prices Index was recorded at 3.0% in January, a sharp and unexpected rise on December's 2.5% figure due to increases in transport and food costs. Official data showed the UK economy had expanded by just 0.1% in the final three months of 2024, although analysts had expected a slight contraction. More up-to-date figures indicated a small rise in private-sector output in February, but businesses continued to reduce staffing levels ahead of April's scheduled increase in employers' National Insurance contributions. Meanwhile, consumer confidence was reported to have dipped to its lowest level since last summer.

<sup>a</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             | 44.5         |
| Energy                 | 16.0         |
| Industrials            | 11.9         |
| Consumer Staples       | 9.9          |
| Utilities              | 5.9          |
| Basic Materials        | 5.2          |
| Real Estate            | 4.9          |
| Consumer Discretionary | 1.3          |
| Cash                   | 0.5          |
| <b>Total</b>           | <b>100.0</b> |

## Composition of the portfolio by market capitalisation (Ex Cash) (%)

|                |              |
|----------------|--------------|
| FTSE 100       | 51.4         |
| FTSE 250       | 30.9         |
| FTSE Small Cap | 11.2         |
| FTSE AIM       | 1.9          |
| Other          | 4.6          |
| <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                             | £180.6million                 |
| Borrowing                                | £22.5million                  |
| Yield (Net)                              | 8.8%                          |
| Current Annual Dividend Rate (Per Share) | 22.9p                         |
| Market Capitalisation                    | £155.3 million                |
| Premium / (Discount)                     | (1.8)%                        |
| 12 Month High                            | 0.5%                          |
| 12 Month Low                             | (11.7)%                       |
| Net cash/(gearing) <sup>a</sup>          | (13.7)%                       |
| Annual Management Fee                    | 0.55% per annum of net assets |



## Fund managers' report – continued

### Performance

In February, the Trust's net asset value total return was negative and it underperformed its reference index. The lack of a holding in Rolls-Royce detracted from performance relative to the index as the stock gained on better-than-expected earnings, led by very strong growth in civil aerospace revenues. The holding in Conduit also dragged on performance as the market reacted badly to results that highlighted a more substantial impact from January's Californian wildfires than had been forecast. This has damaged sentiment towards the stock, although management continues to guide to a return on equity in the low teens for 2025. We believe such an outcome is not fully priced in given the shares' current discount to net asset value. Conversely, the Trust's holding in Ithaca Energy added to relative returns as the shares rose sharply on impressive production results and lower-than-expected costs. The holding in NatWest also benefited performance as the shares climbed in response to the publication of strong trading results that were underpinned by rising net interest margins and lower impairments. The firm's guidance for return on tangible equity is 15% to 16% in 2025, a reflection of the current benign operating conditions for UK banks.

### Activity

The Trust started a new holding in price-comparison platform MONY Group, which is pursuing a strategy of shifting its customer base from transactional users to members by launching its SuperSaveClub loyalty programme. This has increased customer retention and lowered acquisition costs while reducing the marketing spend that has historically dragged on margins. We also added to our recently initiated holding in water utility Pennon after greater clarity on the regulatory outlook allowed the company to proceed with a rights issue. Trading at around 1x its regulatory asset base, the stock now looks attractively valued, with potential investors returning to the sector now that the new regulatory framework has been laid out. We sold the holding in paper and packing business Smurfit Westrock. This stock had performed very well since initial purchase in April 2024 thanks to the delivery of merger synergies and its US-dollar exposure. Finally, we further reduced the holding in National Grid, which had grown considerably following a recent rights issue.

### Outlook

UK equities continue to 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 Reference index holdings.

### Important information overleaf

### Trust information continued

|                                      |       |
|--------------------------------------|-------|
| Ongoing Charges <sup>c</sup>         | 0.86% |
| Active Share percentage <sup>d</sup> | 74.6% |

### 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/<br>Bloomberg code: | AEI   |
| ISIN code                        | GB0006039597                                  |
| Sedol code                       | 0603959                                       |
| Stockbrokers                     | J.P. Morgan<br>Cazenove                       |
| Market makers                    | CNKS, INV, JPMS,<br>NUMS, PEEL, PMUR,<br>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) [www.abrdn.com/AEI](http://www.abrdn.com/AEI)



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# abrdn Equity Income Trust plc

## Statement of Operating Expenses

Publication date: 19 December 2024

| Recurring Operating Expenses (£000s)                                   | Year ending<br>30 Sep 2024 | % of NAV | Year ending<br>30 Sep 2023 | % of NAV | % Change<br>(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<br>30 Sep 2024 | % of NAV     | Year ending<br>30 Sep 2023 | % of NAV     | % Change<br>(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                     | 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              |
| 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 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 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 NAV |
|-----------------|----------|
| % of Net Assets | 0.55%    |

| Directors fee rates (£)                                 | Year ending<br>30 Sep 2024 | Year ending<br>30 Sep 2023 | % Change<br>(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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