

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 October 2023

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 31/10/23 | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|-----------------------------|-------------------|------------|-------------|-------------|-----------|------------|------------|
| Share Price | 300.0p | (4.5) | (6.3) | (6.1) | 4.2 | 51.0 | (9.1) |
| NAV | 292.0p | (7.1) | (7.1) | (10.9) | (7.3) | 25.2 | (12.5) |
| FTSE All-Share Index | | (4.1) | (4.8) | (5.9) | 5.9 | 39.4 | 21.1 |
| FTSE 350 Higher Yield Index | | (3.9) | (1.7) | (4.1) | 7.0 | 68.6 | 21.5 |

Discrete performance (%)

| | 31/10/23 | 31/10/22 | 31/10/21 | 31/10/20 | 31/10/19 |
|-----------------------------|----------|----------|----------|----------|----------|
| Share Price | 4.2 | (5.8) | 53.9 | (32.9) | (10.2) |
| NAV | (7.3) | (6.6) | 44.6 | (27.5) | (3.5) |
| FTSE All-Share Index | 5.9 | (2.8) | 35.4 | (18.6) | 6.8 |
| FTSE 350 Higher Yield Index | 7.0 | 9.2 | 44.3 | (29.3) | 1.9 |

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 (%)

| | |
|-----------------------|-------------|
| Shell | 5.6 |
| BP | 5.2 |
| SSE | 4.6 |
| National Grid | 4.3 |
| Glencore | 3.6 |
| BAE Systems | 3.5 |
| Imperial Brands | 3.3 |
| Close Brothers | 3.2 |
| BHP | 2.9 |
| Barclays | 2.8 |
| Diversified Energy | 2.8 |
| Smith (DS) | 2.7 |
| HSBC | 2.6 |
| Conduit | 2.5 |
| Thungela | 2.5 |
| NatWest | 2.5 |
| Rio Tinto | 2.3 |
| Chesnara | 2.2 |
| LondonMetric Property | 2.1 |
| OSB | 2.0 |
| Total | 63.2 |

Total number of investments 51

All sources (unless indicated): abrden: 31 October 2023.



abrdrn Equity Income Trust plc

1 year Premium/(Discount) Chart (%)



Ten largest positions relative to the benchmark (%)

| Overweight Stocks | Portfolio | Benchmark | Relative |
|--------------------|-----------|-----------|----------|
| SSE | 4.6 | 0.8 | 3.8 |
| Close Brothers | 3.2 | 0.1 | 3.1 |
| BHP | 2.9 | - | 2.9 |
| Diversified Energy | 2.8 | 0.0 | 2.8 |
| National Grid | 4.3 | 1.7 | 2.6 |
| Imperial Brands | 3.3 | 0.7 | 2.6 |
| Smith (DS) | 2.7 | 0.2 | 2.5 |
| Thungela | 2.5 | - | 2.5 |
| Conduit | 2.5 | - | 2.5 |
| Chesnara | 2.2 | 0.0 | 2.2 |

Fund managers' report

Market review

UK equities slumped in October as global markets were hit by fears of widening conflict in the Middle East and the possibility of further interest rate rises in the US. On the domestic front, inflation remained stuck at the highest level among all the G7 nations while analysts increasingly expect Britain to enter recession over the winter. Overall, the blue-chip FTSE 100 Index made a total return of -3.7% while the more domestically focused FTSE 250 Index fell 6.3%. The Israel-Palestine conflict caused oil prices to rise in the first half of the month, providing a boost for the major energy companies listed in London. However, crude futures declined towards the end of October as concerns about slowing global growth dominated sentiment.

New data showed the UK inflation rate as measured by the Consumer Prices Index had remained unchanged at 6.7% in September, with slowing food price rises offset by an increase in fuel costs. The Office for National Statistics said the British economy had expanded marginally in August while figures published by S&P Global indicated that both business output and confidence had declined during October.

Performance

On a net asset value total return basis the Trust underperformed the total return of the FTSE All-Share Index in October, although the Trust continues to deliver a dividend yield of 7.6%, almost twice that of the Index. The holding in R&Q Insurance detracted from performance after the announcement of the sale of Accredited, its programme-management business. The lack of a special distribution was badly received, causing the company's share price to fall well below the stated net asset value per share. The proceeds from the sale will be retained to invest in the remaining business, which is in

Fund managers' report continues overleaf

Sector allocation (%)

| | |
|------------------------|--------------|
| Financials | 33.2 |
| Energy | 18.5 |
| Industrials | 11.5 |
| Basic Materials | 11.2 |
| Utilities | 8.9 |
| Consumer Staples | 6.0 |
| Real Estate | 3.9 |
| Consumer Discretionary | 2.9 |
| Telecommunications | 1.0 |
| Health Care | 0.8 |
| Cash | 2.1 |
| Total | 100.0 |

Composition by market capitalisation (Ex Cash) (%)

| | |
|--------------|---------------|
| FTSE 100 | 55.9 |
| FTSE 250 | 22.3 |
| FTSE SC | 18.8 |
| FTSE AIM | 3.0 |
| Total | 100.00 |

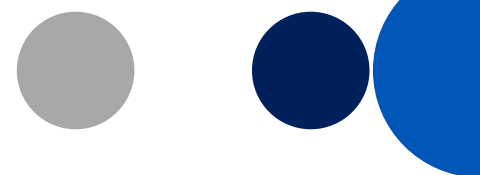
Key information

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 | £160.1 million |
| Borrowing | £21.0 million |
| Yield (Net) | 7.6% |
| Current Annual Dividend Rate (Per Share) | 22.8p |
| Market Capitalisation | £142.9 million |
| Premium / (Discount) | 2.7% |
| 12 Month High | 3.9% |
| 12 Month Low | (11.3)% |
| Current Equity Net Gearing | 12.6% |
| Potential Gearing | (5%) to 25% |



Fund managers' report – continued

the process of transitioning from a balance-sheet business to a capital-light asset-management business. The holding in NatWest Group also hit performance due to a disappointing trading update that highlighted pressure on net interest margins caused by increased competition for deposits. We would observe that the valuation of around half book value appears to price in a significant deterioration in returns, with analysts expecting an annual percentage return on equity in the mid-teens.

Conversely, we benefited from the holding in International Personal Finance after the company announced that trading was ahead of expectations thanks to strong operational performance across its markets, with growth in lending and solid credit quality. Shares in Imperial Brands also added to returns in the wake of a reassuring full-year trading update, and the company reiterated guidance for mid-single-digit earnings growth. This allowed management to expand its share-buyback programme.

Activity

The Trust initiated a holding in BAE Systems, a business that appears well positioned to benefit from a structural increase in defence spending over the coming decade. Recent contract wins, such as the AUKUS nuclear submarine project, increase confidence in the trajectory of earnings forecasts. We added to our holding in National Grid, which we see as well positioned to deliver the infrastructure expansion necessary for the transition to electric vehicles. In the UK, meanwhile, the company benefits from inflation-linked contracts. The stock has fallen recently due to its correlation with government bonds, providing us with an opportunity to build our position. We trimmed our holding in Vistry Group. Higher mortgage rates are causing a slowdown in housing sales, while the company's management team has reviewed its capital allocation policy, switching from dividends to buybacks. Finally, we sold the Trust's holding in Bridgepoint as we manage our exposure to financials in the portfolio, recognising that activity levels in the sector are remaining subdued due to high interest rates.

Outlook

The fluctuating macroeconomic landscape has created sharp recent swings in performance in UK equities. Against this uncertain backdrop, we remain focused on companies that have the ability to generate strong cash flows that can be used to pay dividends. We believe that many companies with these characteristics have been overlooked by the wider market in recent years, resulting in valuation opportunities. Historically, dividends have tended to represent a relatively high proportion of total return, especially when investors shift their focus from growth to value and income stocks. We have consciously tilted the portfolio towards shares that offer a high free cash flow yield, underpinning an attractive dividend yield.

Looking ahead, we see several reasons to remain confident in the outlook for the Trust. Recent market movements have only increased our conviction in a potential valuation re-rating, with our companies typically trading at meaningful valuation discounts to the FTSE All-Share Index despite the solid returns they are generating. Therefore, we see low valuations as primarily reflecting recession fears rather than operational issues. This has been one of the most anticipated recessions in history, giving management teams plenty of time to prepare their businesses for a more challenging environment. Recent economic data has surprised on the upside, suggesting that the market's fears might have been exaggerated. But if recession does eventually strike, we are reassured by the high level of dividend cover in the portfolio and the modest level of balance sheet gearing.

The UK stands out as offering a rich seam of dividend payouts. We see this as a mark of strength as it reflects rigorous corporate governance standards, disciplined capital allocation and robust cash generation. Having come through recent crises, we believe our holdings have demonstrated a level of resilience not reflected in their valuations. We see potential for share prices to respond to further evidence of resilience in cash flows and dividends in the months ahead.

^B Expressed as a percentage of average daily net assets for the year ended 30 September 2022. 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.

Trust information continued

| | |
|--------------------------------------|-------------------------------|
| Trust Annual Management Fee | 0.55% per annum of net assets |
| Ongoing Charges ^B | 0.91% |
| Active Share percentage ^C | 68.9% |

AIFMD Leverage Limits

| | |
|----------------|----|
| Gross Notional | 3x |
| Commitment | 2x |

Capital structure

| | |
|-----------------|------------|
| Ordinary shares | 47,646,522 |
| Treasury shares | 1,532,245 |

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 | CENK, JPMS, NUMS, PEEL, WINS |



Factsheet

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



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Important information overleaf

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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