

# Shires Income PLC

An investment trust focusing on high income,  
investing mainly in UK equities



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## Investment Objective

The Company’s investment objective is to provide shareholders with a high level of income, together with the potential for growth of both income and capital from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities.

## Benchmark

The Company’s benchmark is the FTSE All-Share Index (total return).

## Dividends

The Company pays dividends to Ordinary shareholders on a quarterly basis.

## Highlights and Financial Calendar

	30 September 2019	31 March 2019	% change
Total assets (£'000) <sup>A</sup>	101,685	99,055	+2.7
Equity shareholders' funds (£'000)	82,688	80,057	+3.3
Net asset value per share	270.73p	265.49p	+2.0
Share price (mid-market)	263.00p	267.00p	-1.5
(Discount)/premium to net asset value (cum-income) <sup>B</sup>	(2.9)%	0.6%	
Dividend yield <sup>B</sup>	5.0%	4.9%	
Net gearing <sup>B</sup>	18.5%	19.6%	
Ongoing charges ratio <sup>B</sup>	0.94%	0.98%	

<sup>A</sup> Less current liabilities excluding bank loans of £9,000,000.

<sup>B</sup> Considered to be an Alternative Performance Measure. Further details can be found on pages 19 and 20.

## Performance (total return)

	Six months ended 30 September 2019	Year ended 30 September 2019	Three years ended 30 September 2019	Five years ended 30 September 2019
Net asset value <sup>A</sup>	+4.7%	+4.4%	+20.8%	+40.5%
Share price <sup>A</sup>	+1.1%	+9.4%	+34.2%	+41.0%
FTSE All-Share Index	+4.6%	+2.7%	+21.7%	+38.9%

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found on page 19.

All figures are for total return and assume reinvestment of net dividends excluding transaction costs.

## Financial Calendar

November 2019	Half Yearly Financial Report released for period ending 30 September 2019
24 January 2020	Ordinary shares second interim dividend 2019/20 payable
24 April 2020	Ordinary shares third interim dividend 2019/20 payable
May 2020	Annual results announced for year ending 31 March 2020
June 2020	Annual Report posted to shareholders
2 July 2020	Annual General Meeting (London)
24 July 2020	Ordinary shares final dividend 2019/20 payable
23 October 2020	Ordinary shares first interim dividend 2020/21 payable

# Interim Board Report – Chairman’s Statement

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## Market Background

The first half of the financial year saw stock markets continue to move higher and, on the surface, the economy continues to perform reasonably well at both a UK and global level. Low levels of unemployment, some wage growth and low interest rates mean the consumer continues to have more disposable income. However, that headline assessment hides what has been a general weakening in economic growth indicators and a growing concern about the strength and duration of the economic cycle.

Over the six month period, the global economic outlook continued to be dominated by a number of controversies. These have affected both corporate and investor confidence, witnessed by a slowing in business investment and more skittish investor behaviour. On a global basis, the ongoing trade dispute between the US and China has been the prime driver of market sentiment. Any worsening of relations has seen global growth questioned and a selling of equities. However, more recently, progress and optimism appears to have returned, at least until the next change in direction. It would appear that, even if some sort of deal with China is secured relations are likely to remain fragile, and the US is likely to move onto a further tariff war with the EU and uncertainty is unlikely to dissipate.

The other main driver of economies has been interest rate movements, with the last six months seeing a sustained reduction in rate expectations as the US Federal Reserve has reversed direction and begun to cut rates while the European Central Bank has implemented even more negative interest rates. This reflects a lack of confidence in the underlying strength of the economy. Indeed, Global Purchasing Managers’ Indices (“PMI”) surveys suggest that the manufacturing sector is already enduring a mild recession. In August, for the first time since 2012, surveys in China, Europe and the US were below the 50 level, indicating a synchronised industrial contraction in activity. Although the larger services sector has been more resilient it is still trending downwards, and signals that extremely accommodative monetary policy is likely to remain in place.

In general, the environment of low interest rates and increased political and economic uncertainty has led to investors continuing to favour what are perceived to be lower-risk growth stocks. While this has been the trend for much of the last ten years, it was notable in September that a small move higher in bond yields triggered a sharp rally in value assets. More consistent positive economic data is required for this to be sustained, but the potential remains for value, and therefore more cyclical stocks to return to investor favour.

In the UK, the process of our exit from the EU continues to dominate even these global macro trends. Over recent weeks there has at least been some progress, with a revised deal proposed and the prospect of a no-deal exit made more unlikely by Parliament. UK domestic assets have rebounded in response, but remain cheap compared to international companies. Steps towards clarity over Brexit have also seen a number of UK companies acquired or bid for by foreign buyers, highlighting the attractiveness of valuations. The UK equity market remains historically cheap and out of favour from international investors, both of which provide the potential for upside in returns.

## Investment Performance

The Company’s net asset value (“NAV”) total return for the six-month period ended 30 September 2019 was 4.7%, ahead of the total return of 4.6% from the Company’s benchmark, the FTSE All-Share Index. The performance is encouraging given that the portfolio delivers a premium yield to the market and the last half year has been challenging for higher yielding stocks. For reference, the Investment Association UK Equity Income sector returned 3.0% over the same period, so the portfolio has performed well compared to other income focused strategies.

The Company’s preference share holdings, which are an important differentiator, performed well, generating a total return of 7.7% for the period, and continue to offer a premium yield. This has allowed the equity portfolio to hold a number of more growth-oriented positions with lower yields, which have contributed to performance over the six months. The top contributor was **London Stock Exchange**, which increased by 56% after announcing an accretive deal to acquire data service provider Refinitiv. Other growth stocks that had a positive impact on performance were **Assura** and **Rentokil**.

Offsetting this, it is notable that some higher yielding names held in the portfolio under-performed over the period. **Chesnara**, **Telecom Plus** and **Diversified Gas & Oil** all offer high, stable dividends but have seen share prices decline over the period. In each case the Investment Manager is confident that the dividend paying ability of these companies is robust and they remain core holdings. The largest detractor from performance was **Saga**, which reported weaker performance from its insurance business and, as stated below, the Investment Manager exited this position during the period.

## Portfolio Activity

Over the period the Investment Manager added six new positions to the portfolio and exited three. Reflecting outperformance of growth stocks in the market, the trend has been to take profits on those companies that have performed well and where valuations look stretched. Re-

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investment has been into names with either more attractive valuations, higher yields or more defensive characteristics given the ongoing economic uncertainty.

There were three exits over the last six months. As stated above, the Investment Manager sold the remaining position in **Saga**. The investment case on the company was based on management taking action to improve its competitive position in the insurance market and to control the debt position ahead of the launch of two new cruise ships in its travel division next year. Despite repeated encouraging commentary from management, the company revealed that the strategy in insurance was not working. It now faces increased uncertainty while it waits to see if a long-term fixed price offering in insurance can gain traction in a competitive market. As such, the company no longer fits the criteria of high-quality businesses that the Investment Manager looks to own for the long term.

The Investment Manager also sold out of the remaining position in **Nordea Bank**. This had been held due to its strong capital position and high level of dividend yield. However, the combination of falling interest margins in the bank's home markets and ongoing concerns around money laundering meant that management had officially put the dividend under review. We therefore chose to move on.

The remaining position in **Inmarsat** was also sold. The company's shares performed well following a bid from a private equity consortium. However, they now trade at the bid price and with a low headline yield and limited chance of an increased bid the Investment Manager saw the holding as a source of cash.

The first new position initiated during the period was **Cineworld**. This is a cinema company with operations mainly in the UK and the US. A recent significant acquisition in the US gives the company exposure to an under invested estate. An experienced and entrepreneurial management team has an opportunity to extract value from this combination with clear synergy potential which should drive earnings growth.

The Investment Manager also acquired a holding in **Rentokil**. The company has a leading position in pest control globally, with strong market share in the US and access to potential growth markets in Latin America. Although the valuation is not cheap and the 3% yield is below market levels, the company should be able to deliver earnings growth with a high degree of certainty and grow the dividend per share steadily.

The third new holding was **Sirius Real Estate**. The company operates warehousing and industrial property in Germany, which exposes it to structural trends for increasing distribution demand. The company has a

strong management team and the scope for rental growth, vacancy improvements and refurbishments to continue to add value. The dividend yield is attractive and the company is valued at a discount to peers.

**Energiean Oil & Gas**, a gas producer focused on the Eastern Mediterranean, was the next addition to the portfolio. The Company took part in a capital raise to fund the acquisition of additional assets being sold by EDF, the French utility company. The deal should be highly accretive to cash flows and is consistent with the company's existing strategy. It adds assets with very limited commodity price risk due to the use of fixed price gas contracts and maintains focus on the highly prospective eastern Mediterranean gas basin. Energiean continues to develop the Karish gas field in Israel and following the start-up of this field the company should deliver significant free cash flow, resulting in a meaningful dividend from 2021 onwards.

**SSE** was another addition with attractive yield characteristics and under-appreciated growth potential. UK utilities have underperformed meaningfully compared to European peers, mainly because of the perceived risk of nationalisation should a Labour government come to power. SSE is attractive because of a high yield (13% at the time of purchase due to a special dividend) but also because of its potential to grow over time. The company is most well-known for its retail business, but the potential sale of this part of the company would allow it to focus on the higher return generation assets. In particular, the company's pipeline of offshore wind projects is very strong and has the potential to deliver growth in a higher multiple business and to increase the potential benefit from higher carbon pricing over time.

On a similar theme, the Company acquired a modest position in **Fortum**. The company is a European power generator and offers an attractive yield (5.8%) in a defensive sector with upside optionality from carbon pricing. The generation business should deliver decent earnings growth in the next few years, helped by power price inflation, nuclear start-up and an expected recovery in Nordic hydro volumes. Importantly, Fortum is one of the more sensitive names to carbon pricing in the EU. Given the potential for carbon pricing to increase as liquidity in permits causes a squeeze in supply, this creates upside optionality in earnings estimates.

### Investment Income

The Company's revenue earnings per share for the period were 7.15p, which compares to 6.60p for the equivalent period last year.

# Interim Board Report – Chairman’s Statement continued

Within the portfolio, a number of companies reported double digit increases in their dividend payments, including **Cineworld, Countryside Properties, London Stock Exchange, Rentokil and Standard Chartered**. Offsetting this, **Saga and Vodafone** have reduced their dividends during the last year.

Income from the Company’s preference share holdings has been stable, with the exception of the position in **REA Holdings**. After a period of low palm oil prices, the company was forced to suspend payment of dividends on its preference shares. The commodity price has since stabilised and the Investment Manager is hopeful that dividend payments will resume in 2020. The other preference shares held in the portfolio have continued to pay a high level of income and appear secure.

The income forecast for the remainder of the financial year remains robust, even without the inclusion of potential special dividends and, with a healthy level of revenue reserves, the Company remains in a strong position to continue delivering a high level of income.

## Dividends

A first interim dividend of 3.0p per share in respect of the year ending 31 March 2020 was paid on 25 October 2019. The Board declares a second interim dividend of 3.0p per share, payable on 24 January 2020 to shareholders on the register at close of business on 3 January 2020. Subject to unforeseen circumstances, it is proposed to pay a further interim dividend of 3.0p per share prior to the Board deciding on the rate of final dividend at the time of reviewing the full year results.

The current annual rate of dividend is 13.2p per share, representing a dividend yield of 5.0% based on the share price of 263.0p as at 30 September 2019. The Board considers that one of the key attractions of the Company is its high level of income and recognises that, in the current economic environment, there is likely to be a continuing demand for an attractive and reliable level of income. Whilst the Company aims to cover its annual dividend cost with net income, the Board is conscious of the significant revenue reserves, which amounted to 1.2 times the annual dividend cost as at 30 September 2019, hence providing added security on the sustainability of the dividend.

## Discount/Premium

As at 30 September 2019 the Company’s Ordinary shares were trading at a discount of 2.9% to the NAV per share (including income) compared to a premium of 0.6% at the start of the period. During the course of the period, with the shares trading at a premium to the NAV and in response to investor demand, the Company was able to

issue a total of 370,000 new Ordinary shares on a non-dilutive basis.

The Board and Manager monitor the discount/premium of the Company’s shares on an ongoing basis and will consider future issuance if there is sufficient investor demand.

## Gearing

On 23 September 2019, the Company announced that it had entered into a new £20 million loan facility agreement with Scotiabank Europe PLC (the “New Facility”). The New Facility is for a three-year period to 20 September 2022 and extends the previous £20 million loan facility agreement with Scotiabank Europe PLC which was due to mature on 30 October 2020.

Under the terms of the New Facility, a £10 million fixed rate loan has been drawn down at an all-in interest rate of 1.706% per annum. This rate of interest is fixed until the maturity of the facility on 20 September 2022 and the proceeds were used to repay the Company’s previous £10 million fixed rate loan which had a higher all-in interest rate of 1.956% per annum, with only a modest break cost being incurred on repayment of the existing fixed rate loan.

In addition, £9 million has been drawn down on a revolving basis with the proceeds used to repay the Company’s previous drawings under the old revolving credit facility.

The benefits of longer term duration and lower fixed costs outweighed the early repayment costs of the previous loan facilities.

Following the drawdowns under the New Facility, the Company’s borrowings were unchanged, and amounted to £19 million at the period end. Net of cash, this represented gearing of 18.5%, compared to 19.6% at the start of the period. The Board continually monitors the level of gearing and, as stated in previous years, although the absolute level may look high relative to some other investment trusts, strategically we take the view that it is notionally deployed into fixed interest securities which bring diversification to the Company’s total revenue stream and with lower volatility than would be expected from a portfolio invested exclusively in equities. The Board takes the view that the enhanced balance of assets arising from a combination of fixed income securities and equities allows for an appropriate level of risk within the portfolio in order to achieve the overall investment objective.



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## Electronic Communications for Registered Shareholders

As indicated within the Annual Report earlier this year, the Board is proposing to move to more electronic based forms of communication with its registered shareholders. Increased use of electronic communications should be a more cost effective, as well as a faster, more efficient and environmentally friendly way of providing information to shareholders. Registered shareholders will therefore find enclosed with this Half Yearly Report a letter containing our electronic communications proposals. Registered shareholders who wish to continue to receive hard copies of documents and communications by post are encouraged to send back their replies in accordance with the instructions set out in the letter.

Shareholders who hold their shares through the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan or ISA ("Planholders") will continue to receive all documentation by post in hard copy for the time being. The Plan Manager is currently assessing how to adopt more electronically-based communications within these savings plans and Planholders will be contacted directly with more detail in due course.

Shareholders who hold their shares in the Company through any other platform or share plan provider will need to continue to make separate arrangements with their provider if they wish to receive communications relating to the Company in hard copy and any electronic communications from the Company that the provider receives. Some platform and share plan providers may make a charge for this. Such shareholders will need to continue to make separate arrangements with their provider or nominee holder should they wish to attend and vote at general meetings of the Company.

## Board Composition

As previously announced, having served as a Director since 2008, Andrew Robson will retire from the Board at the Company's AGM in 2020. The Board has commenced a process to appoint a new independent non-executive Director which it expects to complete before the end of the financial year.

## Outlook

As highlighted above, the market outlook is balanced. While there are legitimate concerns around the strength of growth we also expect to see stimulus in China and EU and the persistence of very low interest rates in the US and around the world. These should be supportive of equity valuations in the UK which are currently far from high by historic standards. Investor positioning has been clearly defensive, with cash positions at the highest level

since 2008, but the Investment Manager believes there is scope for the UK stock market to move higher from here.

From the perspective of the UK Equity Income sector, this is the case even more so. Dividend yields are high and the gap between equity yields and bond yields remains at very high levels. The Company's portfolio provides a premium yield compared to the market, while being appropriately diversified to weather more turbulent times.

In the short term we continue to see UK economic data remaining uninspiring and, as long as this continues, a rise in bond yields and a full shift in market positioning looks unlikely. The under-performance of value / yield has thrown up many attractive yield opportunities in companies that should prove resilient in a downturn, while the Company's preference share holdings should maintain their capital position and deliver a high level of income. Overall, the UK equity market remains very out of favour with many investors which we feel provides the potential for outperformance were this to change.

For the Company, the Board believes that our combination of a high dividend from well diversified sources and the ability to participate in equity market upside remains an attractive one for shareholders.

**Robert Talbut**  
Chairman  
21 November 2019

# Interim Board Report – Other Matters

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## Directors' Responsibility Statement

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements within the Half Yearly Financial Report has been prepared in accordance with IAS 34 'Interim Financial Reporting'; and
- the Interim Board Report (constituting the Interim Management Report) includes a fair review of the information required by rules 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could so do).

## Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties faced by the Company together with the mitigating actions it has established to manage the risks. These are set out within the Strategic Report contained within the Annual Report for the year ended 31 March 2019 and comprise the following risk headings:

- Investment performance
- Failure to maintain and grow the dividend over the longer term
- Widening of discount
- Gearing
- Operational
- Regulatory
- Financial, economic and political

The heightened political uncertainty in UK continues to impact the economic outlook for the Company, invested as it is, substantially in UK listed securities. In all other respects, the Company's principal risks and uncertainties have not changed materially since the date of the Annual Report and are not expected to change materially for the remaining six months of the Company's financial year.

## Going Concern

The Company's assets comprise mainly readily realisable securities which can be sold to meet funding commitments if necessary. The Board has set limits for borrowing and regularly reviews actual exposures, cash flow projections and compliance with banking covenants. The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the Board

**Robert Talbut**  
Chairman  
21 November 2019



# Investment Portfolio – Equities

As at 30 September 2019

Company	Market value £'000	Total portfolio %
Aberdeen Smaller Companies Income Trust	8,456	8.7
Royal Dutch Shell 'B'	4,163	4.3
BP	3,215	3.3
Prudential	2,992	3.1
GlaxoSmithKline	2,545	2.6
AstraZeneca	2,447	2.5
British American Tobacco	2,301	2.4
Vodafone	2,298	2.4
GVC Holdings	2,038	2.1
London Stock Exchange	1,925	2.0
Ten largest investments	<b>32,380</b>	<b>33.4</b>
St. James Place	1,776	1.8
National Grid	1,638	1.7
John Laing	1,606	1.6
SSE	1,600	1.6
Assura	1,576	1.6
Unilever	1,558	1.6
Chesnara	1,539	1.6
Standard Chartered	1,504	1.5
Diversified Gas & Oil	1,479	1.5
BHP Group	1,368	1.4
Twenty largest investments	<b>48,024</b>	<b>49.3</b>
HSBC Holdings	1,356	1.4
Rio Tinto	1,334	1.4
Imperial Brands	1,324	1.4
Diageo	1,220	1.3
Novo-Nordisk	1,216	1.2
Croda International	1,146	1.2
Associated British Foods	1,105	1.1
Cineworld	1,086	1.1
Close Brothers	1,078	1.1
Telecom Plus	1,073	1.1
Thirty largest investments	<b>59,962</b>	<b>61.6</b>
Countryside Properties	1,023	1.0
Inchcape	999	1.0
Experian	943	1.0
Rentokil Initial	942	1.0
Bodycote	941	1.0
Unibail-Rodamco	940	1.0
Howden Joinery	724	0.7
Weir Group	709	0.7
Sirius Real Estate	685	0.7
Londonmetric Property	629	0.6
Forty largest investments	<b>68,497</b>	<b>70.3</b>

## Investment Portfolio – Equities *continued*

As at 30 September 2019

Company	Market value £'000	Total portfolio %
BBA Aviation	624	0.6
Fortum	579	0.6
Abcam	552	0.6
Ashmore	543	0.6
Euromoney Institutional Investor	518	0.5
Energie Oil & Gas	515	0.5
<b>Total equity investments</b>	<b>71,828</b>	<b>73.7</b>

## Investment Portfolio – Other Investments

As at 30 September 2019

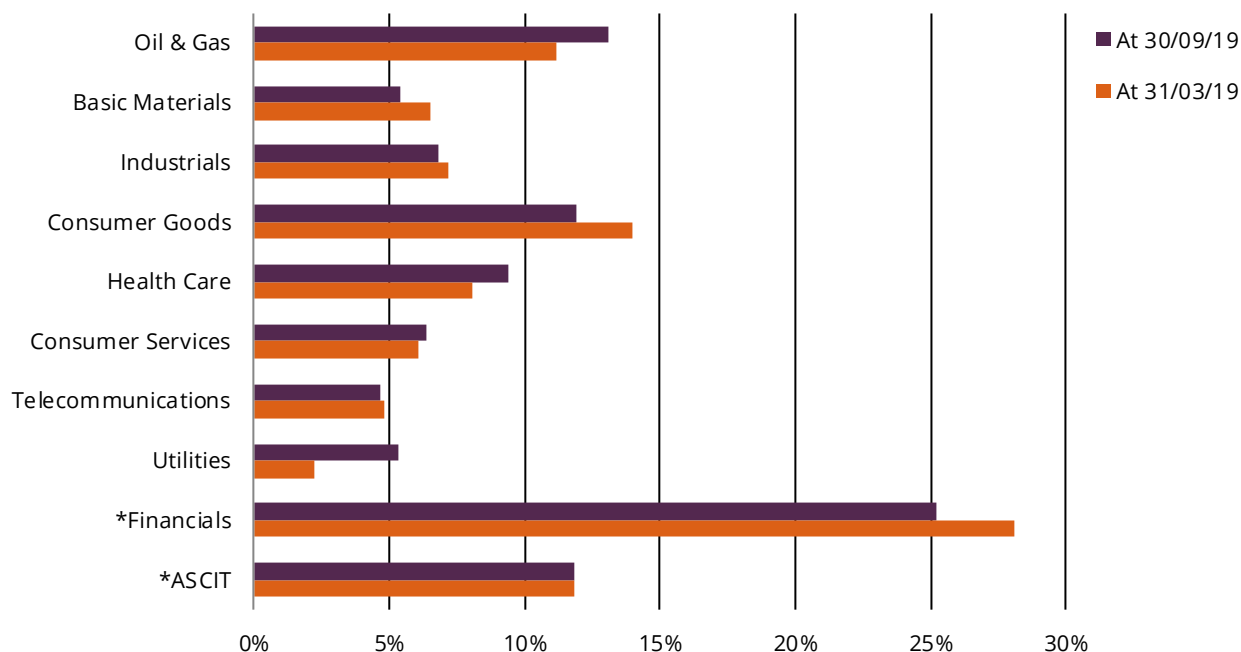
Company	Market value £'000	Total portfolio %
<b>Convertibles</b>		
Balfour Beatty Cum Conv 10.75p 01/07/2020	520	0.5
<b>Total Convertibles</b>	<b>520</b>	<b>0.5</b>
<b>Preference shares<sup>A</sup></b>		
Ecclesiastical Insurance Office 8 5/8%	6,530	6.7
Royal & Sun Alliance 7 3/8%	5,437	5.6
General Accident 7.875%	4,506	4.6
Santander 10.375%	4,416	4.5
Standard Chartered 8.25%	3,595	3.7
R.E.A. Holdings 9%	628	0.7
<b>Total preference shares</b>	<b>25,112</b>	<b>25.8</b>
<b>Total other investments</b>	<b>25,632</b>	<b>26.3</b>
<b>Total equity investments</b>	<b>71,828</b>	<b>73.7</b>
<b>Total investments</b>	<b>97,460</b>	<b>100.0</b>

<sup>A</sup> None of the preference shares listed above has a fixed redemption date.

## Distribution of Assets and Liabilities

	Valuation at		Movement during the period			Valuation at	
	31 March 2019		Purchases	Sales	Gains	30 September 2019	
	£'000	%	£'000	£'000	£'000	£'000	%
<b>Listed investments</b>							
Equities	70,400	87.9	8,244	(7,632)	816	71,828	86.9
Convertibles	530	0.7	-	-	(10)	520	0.6
Preference shares	24,041	30.0	-	-	1,071	25,112	30.4
<b>Total investments</b>	<b>94,971</b>	<b>118.6</b>	<b>8,244</b>	<b>(7,632)</b>	<b>1,877</b>	<b>97,460</b>	<b>117.9</b>
Current assets	4,323	5.4				4,517	5.4
Current liabilities	(9,239)	(11.5)				(9,292)	(11.2)
Non-current liabilities	(9,998)	(12.5)				(9,997)	(12.1)
<b>Net assets</b>	<b>80,057</b>	<b>100.0</b>				<b>82,688</b>	<b>100.0</b>
<b>Net asset value per Ordinary share</b>	<b>265.49p</b>					<b>270.73p</b>	

## Analysis of Listed Equity Portfolio



\* While the Company's investment in Aberdeen Smaller Companies Income Trust PLC ("ASCIT") is classified under "Financials" for FTSE classification purposes, it is not included in Financials above and is shown separately in the above table given its materiality to the Company.

# Condensed Statement of Comprehensive Income

	Note	30 September 2019 (unaudited)			30 September 2018 (unaudited)			31 March 2019 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments at fair value		-	1,843	1,843	-	1,636	1,636	-	(466)	(466)
Currency (losses)/gains		-	(7)	(7)	-	1	1	-	14	14
<b>Investment income</b>										
Dividend income		2,374	-	2,374	2,274	-	2,274	4,536	-	4,536
Interest income		8	-	8	1	-	1	5	-	5
Stock dividends		123	-	123	40	-	40	74	-	74
Traded option premiums		100	-	100	61	-	61	94	-	94
Money market interest		-	-	-	2	-	2	3	-	3
		2,605	1,836	4,441	2,378	1,637	4,015	4,712	(452)	4,260
<b>Expenses</b>										
Management fee		(104)	(104)	(208)	(105)	(105)	(210)	(203)	(203)	(406)
Administrative expenses		(211)	-	(211)	(186)	-	(186)	(372)	-	(372)
Finance costs		(106)	(106)	(212)	(85)	(85)	(170)	(173)	(173)	(346)
		(421)	(210)	(631)	(376)	(190)	(566)	(748)	(376)	(1,124)
<b>Profit/(loss) before taxation</b>		2,184	1,626	3,810	2,002	1,447	3,449	3,964	(828)	3,136
Taxation	2	(11)	-	(11)	(22)	-	(22)	(44)	-	(44)
<b>Profit/(loss) attributable to equity holders</b>		2,173	1,626	3,799	1,980	1,447	3,427	3,920	(828)	3,092
<b>Return per Ordinary share (pence)</b>	4	7.15	5.35	12.50	6.60	4.82	11.42	13.06	(2.76)	10.30

The Company does not have any income or expense that is not included in the profit for the period, and therefore the profit for the period is also the "Total comprehensive income for the period", as defined in IAS 1 (revised).

The total column of this statement represents the Condensed Statement of Comprehensive Income of the Company, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

The accompanying notes are an integral part of the financial statements.

# Condensed Balance Sheet

		As at 30 September 2019 (unaudited) £'000	As at 30 September 2018 (unaudited) £'000	As at 31 March 2019 (audited) £'000
	Note			
<b>Non-current assets</b>				
Equities		71,828	72,779	70,400
Convertibles		520	545	530
Preference shares		25,112	25,212	24,041
<b>Securities at fair value</b>		<b>97,460</b>	<b>98,536</b>	<b>94,971</b>
<b>Current assets</b>				
Trade and other receivables		21	19	395
Accrued income and prepayments		763	803	1,015
Cash and cash equivalents		3,733	1,693	2,913
		<b>4,517</b>	<b>2,515</b>	<b>4,323</b>
<b>Creditors: amounts falling due within one year</b>				
Trade and other payables		(292)	(256)	(239)
Short-term borrowings		(9,000)	(9,000)	(9,000)
		<b>(9,292)</b>	<b>(9,256)</b>	<b>(9,239)</b>
<b>Net current liabilities</b>		<b>(4,775)</b>	<b>(6,741)</b>	<b>(4,916)</b>
<b>Total assets less current liabilities</b>		<b>92,685</b>	<b>91,795</b>	<b>90,055</b>
<b>Non-current liabilities</b>				
Long-term borrowings		(9,997)	(9,998)	(9,998)
<b>Net assets</b>		<b>82,688</b>	<b>81,797</b>	<b>80,057</b>
<b>Share capital and reserves</b>				
Called-up share capital	6	15,312	15,049	15,127
Share premium account		20,446	19,308	19,626
Capital reserve	7	40,111	40,760	38,485
Revenue reserve		6,819	6,680	6,819
<b>Equity shareholders' funds</b>		<b>82,688</b>	<b>81,797</b>	<b>80,057</b>
<b>Net asset value per Ordinary share (pence)</b>	<b>5</b>	<b>270.73</b>	<b>272.68</b>	<b>265.49</b>

The accompanying notes are an integral part of the financial statements.

# Condensed Statement of Changes in Equity

## Six months ended 30 September 2019 (unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2019	15,127	19,626	38,485	6,819	80,057
Issue of Ordinary shares	185	820	-	-	1,005
Profit for the period	-	-	1,626	2,173	3,799
Equity dividends	-	-	-	(2,173)	(2,173)
<b>As at 30 September 2019</b>	<b>15,312</b>	<b>20,446</b>	<b>40,111</b>	<b>6,819</b>	<b>82,688</b>

## Six months ended 30 September 2018 (unaudited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2018	15,049	19,308	39,313	6,795	80,465
Profit for the period	-	-	1,447	1,980	3,427
Equity dividends	-	-	-	(2,095)	(2,095)
<b>As at 30 September 2018</b>	<b>15,049</b>	<b>19,308</b>	<b>40,760</b>	<b>6,680</b>	<b>81,797</b>

## Year ended 31 March 2019 (audited)

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
As at 31 March 2018	15,049	19,308	39,313	6,795	80,465
Issue of Ordinary shares	78	318	-	-	396
(Loss)/profit for the year	-	-	(828)	3,920	3,092
Equity dividends	-	-	-	(3,896)	(3,896)
<b>As at 31 March 2019</b>	<b>15,127</b>	<b>19,626</b>	<b>38,485</b>	<b>6,819</b>	<b>80,057</b>



# Condensed Cash Flow Statement

	Six months ended 30 September 2019 (unaudited) £'000	Six months ended 30 September 2018 (unaudited) £'000	Year ended 31 March 2019 (audited) £'000
<b>Net cash inflow from operating activities</b>			
Dividend income received	2,626	2,390	4,440
Interest income received	8	1	5
Options premium received	109	46	67
Money market interest received	-	3	3
Management fee paid	(203)	(211)	(413)
Other cash expenses	(181)	(190)	(363)
<b>Cash generated from operations</b>	<b>2,359</b>	<b>2,039</b>	<b>3,739</b>
Interest paid	(208)	(168)	(342)
Loan breakage costs	(32)	-	-
Overseas tax paid	(31)	(23)	(45)
<b>Net cash inflows from operating activities</b>	<b>2,088</b>	<b>1,848</b>	<b>3,352</b>
<b>Cash flows from investing activities</b>			
Purchases of investments	(8,114)	(9,281)	(22,672)
Sales of investments	8,027	8,958	23,457
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(87)</b>	<b>(323)</b>	<b>785</b>
<b>Cash flows from financing activities</b>			
Equity dividends paid	(2,173)	(2,095)	(3,896)
Issue of Ordinary shares	1,005	-	396
Loan arrangement fees	(6)	-	-
<b>Net cash outflow from financing activities</b>	<b>(1,174)</b>	<b>(2,095)</b>	<b>(3,500)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>827</b>	<b>(570)</b>	<b>637</b>
<b>Reconciliation of net cash flow to movements in cash and cash equivalents</b>			
Increase/(decrease) in cash and cash equivalents as above	827	(570)	637
Net cash and cash equivalents at start of period	2,913	2,262	2,262
Effect of foreign exchange rate changes	(7)	1	14
<b>Cash and cash equivalents at end of period</b>	<b>3,733</b>	<b>1,693</b>	<b>2,913</b>

Non-cash transactions during the period comprised stock dividends of £136,000 (30 September 2018 – £40,000; 31 March 2019 – £74,000).

# Notes to the Financial Statements

## 1. Accounting policies – Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 'Interim Financial Reporting', as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). They have also been prepared using the same accounting policies applied for the year ended 31 March 2019 financial statements, which received an unqualified audit report.

The financial statements have been prepared on a going concern basis. In accordance with the Financial Reporting Council's guidance on 'Going Concern and Liquidity Risk' the Directors have undertaken a review of the Company's assets which primarily consist of a diverse portfolio of listed equity shares which, in most circumstances, are realisable within a very short timescale.

## 2. Taxation

The taxation charge for the period represents withholding tax suffered on overseas dividend income.

## 3. Dividends

The following table shows the revenue for each period less the dividends declared in respect of the financial period to which they relate.

	Six months ended 30 September 2019 £'000	Six months ended 30 September 2018 £'000	Year ended 31 March 2019 £'000
Revenue	2,173	1,980	3,920
Dividends declared	(1,831) <sup>A</sup>	(1,800) <sup>B</sup>	(3,984) <sup>C</sup>
	<b>342</b>	<b>180</b>	<b>64</b>

<sup>A</sup> Dividends declared relate to first two interim dividends (3.00p each) in respect of the financial year 2019/20.

<sup>B</sup> Dividends declared relate to first two interim dividends (3.00p each) in respect of the financial year 2018/19.

<sup>C</sup> First three interim dividends (3.00p each) and the final dividend (4.20p) declared in respect of the financial year 2018/19.

## 4. Returns per Ordinary share

	Six months ended 30 September 2019 £'000	Six months ended 30 September 2018 £'000	Year ended 31 March 2019 £'000
Returns are based on the following figures:			
Revenue return	2,173	1,980	3,920
Capital return	1,626	1,447	(828)
<b>Total return</b>	<b>3,799</b>	<b>3,427</b>	<b>3,092</b>
Weighted average number of Ordinary shares in issue	30,394,580	29,997,580	30,021,438

## 5. Net asset value per Ordinary share

The net asset value per Ordinary share and the net asset values attributable to Ordinary shareholders at the period end were as follows:

	As at 30 September 2019 (unaudited)	As at 30 September 2018 (unaudited)	As at 31 March 2019 (audited)
Net assets (£'000) per Condensed Balance Sheet	82,688	81,797	80,057
3.5% Cumulative Preference shares of £1 each (£'000)	(50)	-	-
<b>Attributable net assets (£'000)</b>	<b>82,638</b>	<b>81,797</b>	<b>80,057</b>
<b>Number of Ordinary shares in issue</b>	<b>30,524,580</b>	<b>29,997,580</b>	<b>30,154,580</b>
<b>Net asset value per Ordinary share (p)</b>	<b>270.73</b>	<b>272.68</b>	<b>265.49</b>

During the period the Company has adopted a policy of calculating the net asset value per Ordinary based on net assets less an amount due to holders of 3.5% Cumulative Preference shares of £1 each equating to £1 per share (£50,000), divided by the number of Ordinary shares in issue. This does not give rise to any material change in the net asset value per share figures.

6. Called up share capital	30 September 2019		30 September 2018		31 March 2019	
	Number	£'000	Number	£'000	Number	£'000
<b>Allotted, called up and fully paid Ordinary shares of 50 pence each:</b>						
Balance brought forward	30,154,580	15,077	29,997,580	14,999	29,997,580	14,999
Ordinary shares issued	370,000	185	-	-	157,000	78
Balance carried forward	30,524,580	15,262	29,997,580	14,999	30,154,580	15,077
3.5% Cumulative Preference shares of £1 each	50,000	50	50,000	50	50,000	50
		<b>15,312</b>		<b>15,049</b>		<b>15,127</b>

During the six months ended 30 September 2019 the Company issued 370,000 Ordinary shares of 50p each (six months ended 30 September 2018 – nil; year ended 31 March 2019 – 157,000) for proceeds of £1,005,000 (six months ended 30 September 2018 – £nil; year ended 31 March 2019 – £396,000).

## 7. Capital reserve

The capital reserve reflected in the Condensed Balance Sheet at 30 September 2019 includes unrealised gains of £15,076,000 (30 September 2018 – gains of £18,900,000; 31 March 2019 – gains of £13,429,000) which relate to the revaluation of investments held at the reporting date.

## Notes to the Financial Statements *continued*

	Six months ended 30 September 2019	Six months ended 30 September 2018	Year ended 31 March 2019
	£'000	£'000	£'000
<b>8. Analysis of changes in financing</b>			
Opening balance at 1 April	18,998	18,997	18,997
<b>Cashflow:</b>			
Loan arrangement fees	(3)	-	-
<b>Non cash:</b>			
Unamortised loan arrangement fees	2	1	1
<b>Closing balance</b>	<b>18,997</b>	<b>18,998</b>	<b>18,998</b>

On 23 September 2019, the Company announced that it had entered into a new £20 million loan facility agreement with Scotiabank Europe PLC (the "New Facility"). The New Facility is for a three-year period to 20 September 2022 and extends the previous £20 million loan facility agreement with Scotiabank Europe PLC which was due to mature on 30 October 2020. Further details are included in the Chairman's Statement.

### 9. Transactions with the Manager

The Company has an agreement with Aberdeen Standard Fund Managers Limited ("ASFML") for the provision of management, secretarial, accounting and administration services and for the carrying out of promotional activities and saving scheme services in relation to the Company.

The management fee is based on 0.45% per annum up to £100 million and 0.40% per annum over £100 million, by reference to the net assets of the Company and any borrowings up to a maximum of £30 million, and excluding commonly managed funds, calculated monthly and paid quarterly. The fee is allocated 50% to revenue and 50% to capital. The agreement is terminable on not less than six months' notice. The total of the fees paid and payable during the period to 30 September 2019 was £208,000 (30 September 2018 – £210,000; 31 March 2019 – £406,000) and the balance due to ASFML at the period end was £104,000 (30 September 2018 – £105,000; 31 March 2019 – £99,000). The Company held an interest in a commonly managed fund, Aberdeen Smaller Companies Income Trust PLC, in the portfolio during the period to 30 September 2019 (30 September 2018 and 31 March 2019 – same). The value attributable to this holding is excluded from the calculation of the management fee payable by the Company.

The management agreement with ASFML also provides for the provision of promotional activities, which ASFML has delegated to Aberdeen Asset Managers Limited. The total fees paid and payable in relation to promotional activities were £26,000 (30 September 2018 – £32,000; 31 March 2019 – £58,000) and the balance due to ASFML at the period end was £13,000 (30 September 2018 – £13,000; 31 March 2019 – £13,000). The Company's management agreement with ASFML also provides for the provision of company secretarial and administration services to the Company; no separate fee is charged to the Company in respect of these services, which have been delegated to Aberdeen Asset Management PLC.

### 10. Segmental information

For management purposes, the Company is organised into one main operating segment, which invests in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

## 11. Fair value hierarchy

IFRS 13 'Fair Value Measurement' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Condensed Balance Sheet are grouped into the fair value hierarchy as follows:

At 30 September 2019	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted investments	a)	97,460	-	-	97,460
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	b)	-	(65)	-	(65)
<b>Net fair value</b>		<b>97,460</b>	<b>(65)</b>	<b>-</b>	<b>97,395</b>

At 30 September 2018	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted investments	a)	98,536	-	-	98,536
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	b)	-	(33)	-	(33)
<b>Net fair value</b>		<b>98,536</b>	<b>(33)</b>	<b>-</b>	<b>98,503</b>

As at 31 March 2019	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted investments	a)	94,971	-	-	94,971
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	b)	-	-	-	-
<b>Net fair value</b>		<b>94,971</b>	<b>-</b>	<b>-</b>	<b>94,971</b>

### a) Quoted investments

The fair value of the Company's quoted investments has been determined by reference to their quoted bid prices at the reporting date. Quoted investments included in Fair Value Level 1 are actively traded on recognised stock exchanges.

## Notes to the Financial Statements continued

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### b) Derivatives

The fair value of the Company's investments in Exchange Traded Options has been determined using observable market inputs on an exchange traded basis although not actively traded and therefore have been classed as Level 2.

The fair value of the Company's investments in Over the Counter Options has been determined using observable market inputs other than quoted prices included within Level 2.

12. The financial information contained in this Half Yearly Financial Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2019 and 30 September 2018 has not been reviewed or audited by the Company's independent auditor.

The information for the year ended 31 March 2019 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the independent auditor on those accounts contained no qualification or statement under Section 498 (2), (3) or (4) of the Companies Act 2006.

13. This Half Yearly Financial Report was approved by the Board on 21 November 2019.



## Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP.

### Total Return

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. Total return is considered to be an alternative performance measure. NAV total return involves investing the same net dividend in the NAV of the Company with debt at fair value on the date on which that dividend was earned. Share price total return involves reinvesting the net dividend on the date that the share price goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the six months ended 30 September 2019 and 30 September 2018 and assumes reinvestment of net dividends excluding transaction costs (the "Adjustment factor").

	Dividend rate	NAV	Share price
<b>30 September 2019</b>			
31 March 2019 (a)		265.49p	267.00p
4 April 2019	3.00p	265.05p	268.50p
4 July 2019	4.20p	273.51p	278.00p
30 September 2019 (b)		270.73p	263.00p
Adjustment factor (c)		1.026637	1.026478
30 September 2019 adjusted (d)=(b*c)		277.94p	269.96p
<b>Total return (d/a)</b>		<b>+4.7%</b>	<b>+1.1%</b>

	Dividend rate	NAV	Share price
<b>30 September 2018</b>			
31 March 2018 (a)		268.24p	260.00p
5 April 2018	3.00p	267.78p	268.50p
5 July 2018	4.00p	276.85p	275.00p
30 September 2018 (b)		272.68p	253.00p
Adjustment factor (c)		1.025813	1.025881
30 September 2018 adjusted (d)=(b*c)		279.72p	259.55p
<b>Total return (d/a)</b>		<b>+4.3%</b>	<b>-0.2%</b>

### Discount/(premium) to net asset value per Ordinary share

The discount/(premium) is the amount by which the share price of 263.00p (31 March 2019 – 267.00p) is lower/(higher) than the net asset value per share of 270.73p (31 March 2019 – 265.49p), expressed as a percentage of the net asset value.

### Dividend Yield

The annual dividend of 13.20p per Ordinary share (31 March 2019 – same) divided by the share price of 263.00p (31 March 2019 – 267.00p), expressed as a percentage.

### Net Gearing

Net gearing measures the total borrowings of £18,997,000 (31 March 2019 – £18,998,000) less cash and cash equivalents of £3,733,000 (31 March 2019 – £3,301,000) divided by shareholders' funds of £82,688,000 (31 March 2019 – £80,057,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes amounts due to and by brokers at the year end as well as cash and short term deposits.

## Alternative Performance Measures continued

### Ongoing Charges

Ongoing charges is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values throughout the year. The ratio for 30 September 2019 is based on forecast ongoing charges for the year ending 31 March 2020.

	30 September 2019	31 March 2019
Investment management fees (£'000)	417	406
Administrative expenses (£'000)	398	372
Less: non-recurring charges <sup>A</sup> (£'000)	(42)	(3)
<b>Ongoing charges (£'000)</b>	<b>773</b>	<b>775</b>
<b>Average net assets (£'000)</b>	<b>82,118</b>	<b>79,445</b>
<b>Ongoing charges ratio</b>	<b>0.94%</b>	<b>0.98%</b>

<sup>A</sup> Comprises professional fees not expected to recur.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which, amongst other things, includes the cost of borrowings and transaction costs.

# Investor Information

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## Alternative Investment Fund Managers Directive (“AIFMD”) and Pre-Investment Disclosure Document (“PIDD”)

The Company has appointed Aberdeen Standard Fund Managers Limited as its alternative investment fund manager and BNP Paribas Securities Services, London Branch as its depositary under the AIFMD.

The AIFMD requires Aberdeen Standard Fund Managers Limited, as the Company’s AIFM, to make available to investors certain information prior to such investors’ investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under the AIFMD are published in the Company’s PIDD which can be found on its website: [shiresincome.co.uk](http://shiresincome.co.uk).

## Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen Standard Investments has been contacted by investors informing it that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Standard Investments or for third party firms. Aberdeen Standard Investments has also been notified of emails claiming that certain investment companies under our management have issued claims in the courts against individuals. These may be scams which attempt to gain your personal information with which to commit identity fraud or could be ‘boiler room’ scams where a payment from you is required to release the supposed payment for your shares. These callers/senders do not work for Aberdeen Standard Investments and any third party making such offers/claims has no link with Aberdeen Standard Investments.

Aberdeen Standard Investments does not ‘cold-call’ investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: [fca.org.uk/consumers/scams](http://fca.org.uk/consumers/scams)

## Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrars (see Corporate Information). Changes of address must be notified to the Registrars in writing.

If you have any general questions about your Company, the Manager or performance, please telephone the Aberdeen Standard Investments Customer Services Department on 0808 500 4000, send an email to [inv.trusts@aberdeenstandard.com](mailto:inv.trusts@aberdeenstandard.com) or write to:

Aberdeen Standard Investment Trusts  
PO Box 11020  
Chelmsford  
Essex CM99 2DB

## Dividend Tax Allowance

The annual tax-free personal allowance for dividend income for UK investors is £2,000 for the 2019/20 tax year. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company provides registered shareholders with a confirmation of dividends paid and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder’s responsibility to include all dividend income when calculating any tax liability.

## How to Invest

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, for retail clients, shares can be bought directly through the Aberdeen Standard Investments Children’s Plan, Investment Trust Share Plan or Investment Trust Individual Savings Account (“ISA”), or through the many broker platforms which offer the opportunity to acquire shares in investment companies.

## Aberdeen Standard Investment Children’s Plan

Aberdeen Standard Investments operates an Investment Plan for Children (the “Children’s Plan”) which covers a number of investment companies under its management, including the Company. Anyone can invest in the Children’s Plan (subject to the eligibility criteria as stated within the terms and conditions), including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors only pay Government Stamp Duty (currently 0.5%) on entry where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children’s Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

# Investor Information continued

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## Aberdeen Standard Investments Share Plan

Aberdeen Standard Investments operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors only pay Government Stamp Duty (currently 0.5%) on entry where applicable. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

## Aberdeen Standard Investments ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the 2019/20 tax year.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases where applicable. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the ISA prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the ISA, from the sale of investments held in the ISA. Under current legislation, investments in ISAs can grow free of capital gains tax.

## ISA Transfer

Investors can choose to transfer previous tax year investments to Aberdeen Standard Investments, which can be invested in the Company while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

## Nominee Accounts and Voting Rights

All investments in the Aberdeen Standard Investments Children's Plan, Investment Trust Share Plan and Investment Trust ISA are held in nominee accounts and investors are provided with the equivalent of full voting and other rights of share ownership.

## Keeping You Informed

Further information about the Company may be found on its dedicated website: [shiresincome.co.uk](http://shiresincome.co.uk). This provides access to information on the Company's share price performance, capital structure, London Stock Exchange

announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Alternatively, please call 0808 500 0040 (Freephone) or email [inv.trusts@aberdeenstandard.com](mailto:inv.trusts@aberdeenstandard.com) or write to the address for Aberdeen Standard Investment Trusts stated above.

Details are also available at: [invtrusts.co.uk](http://invtrusts.co.uk).

## Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Company's website.

## Literature Request Service

For literature and application forms for Aberdeen Standard Investments' investment trust products, please visit [invtrusts.co.uk](http://invtrusts.co.uk)

Or telephone: 0808 500 4000

Or write to:-

Aberdeen Standard Investment Trusts  
PO Box 11020  
Chelmsford  
Essex CM99 2DB

## Terms and Conditions

Terms and conditions for Aberdeen Standard Investments managed savings products can also be found under the Literature section of our website at: [invtrusts.co.uk](http://invtrusts.co.uk).

## Suitable for Retail/NMPI Status

The Company's shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high level of income, together with the potential for growth of both income and capital from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities, and who understand and are willing to accept the risks of exposure to equities.

Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the securities issued by the Company can be recommended

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by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the Financial Conduct Authority's restrictions which apply to NMPIs because they are securities issued by an investment trust.

### Online Dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms.

### Discretionary Private Client Stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management and Financial Advice Association at: [pimfa.co.uk](http://pimfa.co.uk).

### Financial Advisers

To find an adviser who recommends on investment trusts, visit: [unbiased.co.uk](http://unbiased.co.uk).

### Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: 0800 111 6768

Visit: [fca.org.uk/firms/financial-services-register](http://fca.org.uk/firms/financial-services-register)

Email: [consumer.queries@fca.org.uk](mailto:consumer.queries@fca.org.uk)

### Note

**Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.**

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs, may be changed by future legislation.

*The information on pages 21 to 23 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.*

# Corporate Information

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## Directors

Robert Talbut (Chairman)  
Robin Archibald  
Marian Glen  
Andrew Robson

## Registered Office

Bow Bells House  
1 Bread Street  
London EC4M 9HH

## Company Secretary

Aberdeen Asset Management PLC  
1 George Street  
Edinburgh EH2 2LL

## Alternative Investment Fund Manager

Aberdeen Standard Fund Managers Limited  
Bow Bells House  
1 Bread Street  
London EC4M 9HH

## Investment Manager

Aberdeen Asset Managers Limited  
1 George Street  
Edinburgh EH2 2LL

## Aberdeen Standard Customer Services Department, Children's Plan, Share Plan and ISA enquiries

Aberdeen Standard Investment Trusts  
PO Box 11020  
Chelmsford  
Essex CM99 2DB

Freephone: 0808 500 0040  
(open Monday to Friday, 9.00 a.m. to 5.00 p.m., excluding  
public holidays in England & Wales)  
Email: [inv.trusts@aberdeenstandard.com](mailto:inv.trusts@aberdeenstandard.com)

## Company Registration Number

00386561 (England & Wales)

## Website

[shiresincome.co.uk](http://shiresincome.co.uk)

## Registrars

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA

Shareholder Helpline: 0371 384 2508\*

(\*Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday  
excluding bank holidays in England & Wales. Charges for  
calling telephone numbers starting with '03' are  
determined by the caller's service provider.)

Overseas helpline number: +44 (0)121 415 7047

## Depositary

BNP Paribas Securities Services, London Branch  
10 Harewood Avenue  
London NW1 6AA

## Stockbroker

JPMorgan Cazenove  
25 Bank Street  
London E14 5JP

## Independent Auditor

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

## Solicitors

Dentons UK and Middle East LLP  
One Fleet Place  
London EC4M 7WS

## Legal Entity Identifier ("LEI")

549300HVCIHQNZAYA89





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