

abrDN Equity Income Trust plc

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

Performance Data and Analytics to 31 March 2024

Investment objective

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

Benchmark

FTSE All-Share Index.

Cumulative performance (%)

| | as at 31/03/24 | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|-----------------------------|-------------------|------------|-------------|-------------|-----------|------------|------------|
| Share Price | 277.0p | 1.8 | (8.5) | (8.2) | (9.9) | 2.9 | (8.6) |
| NAV | 307.8p | 6.7 | (1.1) | 1.7 | 0.1 | 3.6 | (4.7) |
| FTSE All-Share Index | | 4.8 | 3.6 | 6.9 | 8.4 | 26.1 | 30.3 |
| FTSE 350 Higher Yield Index | | 6.0 | 3.1 | 4.8 | 8.1 | 37.1 | 28.6 |

Discrete performance (%)

| | 31/03/24 | 31/03/23 | 31/03/22 | 31/03/21 | 31/03/20 |
|-----------------------------|----------|----------|----------|----------|----------|
| Share Price | (9.9) | (3.7) | 18.6 | 34.7 | (34.0) |
| NAV | 0.1 | (6.8) | 11.1 | 36.9 | (32.8) |
| FTSE All-Share Index | 8.4 | 2.9 | 13.0 | 26.7 | (18.5) |
| FTSE 350 Higher Yield Index | 8.1 | 5.6 | 20.0 | 23.2 | (23.8) |

Source: abrDN, 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 (%)

| | |
|--------------------------|-------------|
| Smith (DS) | 4.7 |
| BP | 4.3 |
| National Grid | 4.2 |
| Imperial Brands | 4.1 |
| Shell | 4.0 |
| HSBC | 3.7 |
| SSE | 3.6 |
| British American Tobacco | 3.2 |
| CMC | 3.1 |
| Conduit | 2.9 |
| BHP | 2.7 |
| Glencore | 2.6 |
| OSB | 2.4 |
| Hargreaves Lansdown | 2.2 |
| Standard Chartered | 2.2 |
| Barclays | 2.2 |
| Chesnara | 2.2 |
| Rio Tinto | 2.1 |
| LondonMetric Property | 2.1 |
| Legal & General | 2.1 |
| Total | 60.6 |

Total number of investments 52

All sources (unless indicated): abrDN: 31 March 2024.



abrdn Equity Income Trust plc

1 year Premium/(Discount) Chart (%)



Ten largest positions relative to the benchmark (%)

| Overweight Stocks | Portfolio | Benchmark | Relative |
|---------------------|-----------|-----------|----------|
| Smith (DS) | 4.7 | 0.2 | 4.5 |
| Imperial Brands | 4.1 | 0.7 | 3.4 |
| CMC | 3.1 | 0.0 | 3.1 |
| Conduit | 2.9 | - | 2.9 |
| SSE | 3.6 | 0.8 | 2.8 |
| BHP | 2.7 | - | 2.7 |
| National Grid | 4.2 | 1.7 | 2.5 |
| OSB | 2.4 | 0.1 | 2.3 |
| Chesnara | 2.2 | 0.0 | 2.2 |
| Hargreaves Lansdown | 2.2 | 0.1 | 2.1 |

Fund managers' report

Market review

UK equities made strong gains in March on growing expectations of interest-rate cuts and signs of recovery in the British economy. The FTSE 100 Index returned 4.8% to reach its highest level in over a year, while the more domestically focused FTSE 250 recovered from February's decline and rose 4.6%. Stocks in the UK were also supported by rising commodity and oil prices following encouraging industrial data from China.

The UK Consumer Prices Index fell more steeply than expected to 3.4% in February, its lowest level since 2021. While the Bank of England kept the base rate on hold at its March meeting, optimistic comments from policymakers led markets to expect a first reduction in June, with two further cuts now thought likely to follow before the end of the year. Revised GDP data confirmed that the UK had entered a technical recession at the end of 2023, although more up-to-date figures from S&P Global indicated further expansion in the services sector and the end of a 12-month period of decline in manufacturing.

Performance

On a net asset value total return basis, the Trust outperformed the total return of the FTSE All-Share Index in March. The largest contributor to positive performance was the holding in DM Smith. The shares rose on the announcement that International Paper has submitted its own bid for the company following an earlier offer from Mondi. We saw DS Smith as a classic example of our investment thesis playing out as expected, as we identified that the business was of far higher quality than the valuation implied. We also benefited from the holding in CMC Markets as the share price rallied on the publication of

[®]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 | 35.9 |
| Energy | 16.1 |
| Industrials | 10.7 |
| Basic Materials | 9.3 |
| Utilities | 7.8 |
| Consumer Staples | 7.4 |
| Real Estate | 6.2 |
| Consumer Discretionary | 2.8 |
| Telecommunications | 1.6 |
| Health Care | 0.8 |
| Cash | 1.4 |
| Total | 100.0 |

Composition by market capitalisation (Ex Cash) (%)

| | |
|----------------|--------------|
| FTSE 100 | 52.0 |
| FTSE 250 | 26.4 |
| FTSE Small Cap | 11.5 |
| FTSE AIM | 2.8 |
| Other | 7.3 |
| Total | 100.0 |

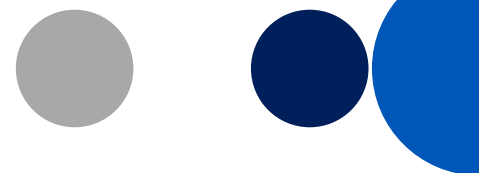
Key information

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 | £168.0 million |
| Borrowing | £21.0 million |
| Yield (Net) | 8.2% |
| Current Annual Dividend Rate (Per Share) | 22.8p |
| Market Capitalisation | £132.4 million |
| Premium / (Discount) | (10.0)% |
| 12 Month High | 3.9% |
| 12 Month Low | (11.7)% |
| Net cash/(gearing) [®] | (13.0)% |
| Potential Gearing | (5%) to 25% |



Fund managers' report – continued

another positive trading update, which revealed higher than expected operating income. CMC is generating an increasing contribution from its institutional clients, suggesting that recent heavy investment in this area is beginning to pay off.

Conversely, the holding in Vanquis Banking Group detracted from returns after the company guided to weaker than expected profits in 2024 due to a large number of allegedly vexatious Financial Ombudsman Service claims, alongside the impact of a further restructuring programme. The holding in OSB Group also dragged on performance due to guidance for weaker net interest margins as a result of higher funding costs. However, the business continues to generate a return on equity ratio in the high teens, which arguably makes the current discount to book value appear excessive.

Activity

The Trust started a new holding in M&G, which is using strong cash generation from its life business to invest in new sources of growth while paying a very attractive dividend. The yield of around 9% suggests the market is sceptical about the sustainability of the growth that M&G is currently delivering, a view we do not share. We added to our holding in HSBC as the bank appears well positioned to sustain its double-digit return on equity given a very low cost of funding and exposure to relatively high growth international markets. We reduced our holding in Barclays, taking some profits after a significant rally in response to new guidance provided at the firm's recent strategy update. This pointed to an upgraded return on tangible equity target of 12%, driven by rising operating leverage as revenues grow faster than costs. We also reduced the Trust's holding in NatWest Group, after the shares rallied on increased confidence in the company's prospects, in particular the trajectory of its net interest margin and its ability to maintain strong credit quality.

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. 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 payers. 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.

Dividend cover is running at a multiple of 2.5 for the UK equity market, suggesting some cushion for corporates in the event that macroeconomic conditions deteriorate further. Our portfolio is well diversified, providing a range of earnings drivers. Trading remains solid across the bulk of our holdings, supporting our confidence in the continued progression of our dividend per share during 2024.

^c Expressed as a percentage of average daily net assets for the year ended 30 September 2023. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

^d The 'Active Share' percentage is a measure used to describe what portion of the Trust's holdings differ from the benchmark index holdings.

Important information overleaf

Trust information continued

| | |
|--------------------------------------|-------------------------------|
| Trust Annual Management Fee | 0.55% per annum of net assets |
| Ongoing Charges ^c | 0.94% |
| Active Share percentage ^d | 70.9% |

AIFMD Leverage Limits

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

Capital structure

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

Allocation of management fees and finance costs

| | |
|---------|-----|
| Capital | 70% |
| Revenue | 30% |

Trading details

| | |
|------------------------------|---|
| Reuters/Epic/Bloomberg code: | AEI |
| ISIN code | GB0006039597 |
| Sedol code | 0603959 |
| Stockbrokers | J.P. Morgan Cazenove |
| Market makers | CNKS, INV, JPMS, NUMS, PEEL, PMUR, WINS |



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.abrdn.com/trustupdates www.abrdnequityincome.com



Contact

Private investors
trusts@abrdn.com

Institutional Investors
InvestmentTrustInvestorRelations-UK@abrdn.com

Ben Heatley
Head of Closed End Fund Sales
Ben.Heatley@abrdn.com

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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