



The North American Income Trust plc

Seeking resilient growth and rising income
from North American equities

Performance Data and Analytics to 29 February 2024

Investment objective

To provide investors with above average dividend income and long term capital growth through active management of a portfolio consisting predominantly of S&P 500 US equities.

Reference benchmark

Russell Value 1000 Index.

Cumulative performance (%)

	as at 29/02/24	1 month	3 months	6 months	1 year	3 years	5 years
Share Price	283.0p	(2.1)	7.8	3.3	(2.4)	36.9	20.1
NAV ^A	327.4p	2.4	8.3	6.1	2.3	36.6	36.6
Russell 1000 Value		4.4	9.6	9.5	9.1	40.8	64.6

Discrete performance (%)

	29/02/24	28/02/23	28/02/22	28/02/21	29/02/20
Share Price	(2.4)	12.4	24.8	(7.8)	(4.9)
NAV ^A	2.3	9.7	21.6	1.3	(1.3)
Russell 1000 Value	9.1	7.7	19.8	11.7	4.7

Five year dividend table (p)

Financial year ^C	2022	2021	2020	2019	2018
Total dividend (p)	11.00	10.30	10.00	9.50	8.50

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis.

Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: abrdn Investments Limited, Lipper and Morningstar.

Past performance is not a guide to future results.

^A Including current year revenue.

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^C Financial year ends in January of the following year.

Morningstar Rating™



^B 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.

Ten largest equity holdings (%)

CVS Health	4.3
MetLife	4.2
Merck	4.2
Medtronic	4.1
Gaming & Leisure Properties	3.9
Baker Hughes	3.9
American International	3.6
L3Harris	3.5
Citigroup	3.2
Philip Morris	2.9
Total	37.8

Sector allocation (%)

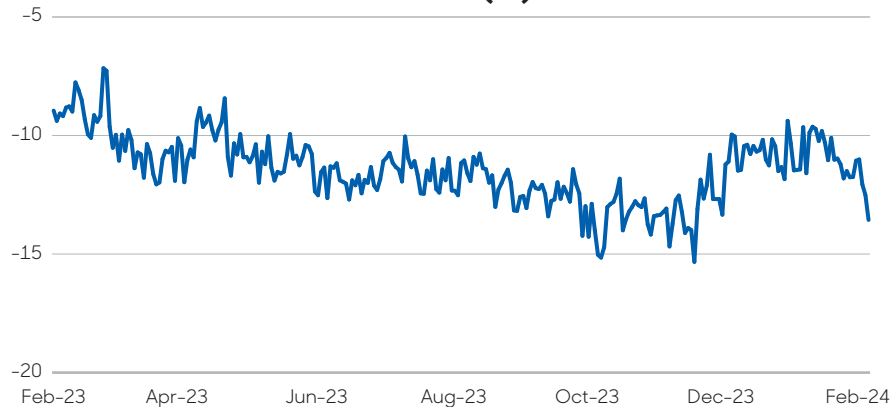
Financials	20.8
Health Care	17.6
Energy	9.7
Consumer Staples	8.0
Industrials	7.8
Information Technology	7.5
Real Estate	6.7
Communication Services	6.1
Consumer Discretionary	5.7
Utilities	5.5
Materials	4.6
Total	100.0

All sources (unless indicated): abrdn: 29 February 2024.



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1 Year Premium/Discount Chart (%)



Fund managers' report

The North American Income Trust generated a net asset value total return behind the benchmark Russell 1000 Value Index's total return in sterling terms. The share price total return also underperformed the index in the month.

US equities ended higher in February. The domestic economy, including the labour market, has continued to prove resilient and robust. Moreover, core inflation, although steadily declining in recent months, remains above the US Federal Reserve (Fed)'s 2% target. Against this backdrop, the Fed has kept the target range for its fed funds rate at a 22-year-high of 5.25-5.50% for four consecutive meetings. However, the central bank recently removed the tightening bias in its statement, after 11 rate increases since March 2022. For now, the Fed aims to maintain a restrictive policy stance and proceed cautiously, continuing with its data-dependent approach as it seeks greater clarity over underlying macroeconomic trends. Recent commentary by Fed Chair Jerome Powell and other Fed governors has indicated that the first rate cut could come in the middle of the year. Given the sustained fall in the Fed's targeted inflation measure, three rate cuts – as forecast by the Fed's committee members in December's 'dot plot' – are still possible in 2024. There could also be further easing to come in 2025 and 2026.

In terms of economic data, a second estimate of US GDP showed that the economy expanded an annualised 3.2% over the fourth quarter of 2023. This was slightly below the preliminary estimate of 3.3%, as private inventories and federal government spending were revised lower (but consumer spending was revised upwards). It also marked a decrease from the 4.9% growth rate reported in the third quarter. Meanwhile, annual consumer price inflation fell from 3.4% in December to a slightly higher-than-expected 3.1% in January, given elevated shelter costs. The annual core rate (which excludes volatile food and energy prices) remained at 3.9%. The Fed's preferred measure of inflation – the core Personal Consumption Expenditures Price Index – declined from an annual rate of 2.9% in December to 2.8% in January, as expected, but remained above the Fed's 2% target. According to a preliminary estimate, the S&P Global Composite US Purchasing Managers' Index (PMI) declined from 52.0 in January to 51.4 in February, which was lower than expected (with a reading above 50 indicative of an expansion in business activity). Within that, the manufacturing PMI improved from 50.7 to a higher-than-expected 51.5, but the services PMI fell from 52.5 to a worse-than-expected 51.3. Meanwhile, retail sales fell by a worse-than-forecast 0.8% month on month in January, having risen by 0.4% in December, due to cold weather and the end of the holiday

Fund managers' report continues overleaf

^D Expressed as a percentage of average daily net assets for the year ended 31 January 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.

^E Calculated using the Company's historic net dividends and month end share price.

^F Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

^G Excludes cash being used as collateral against open option positions from cash/cash equivalents.

^H The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Geographic breakdown (%)

USA	93.9
Canada	6.1
Total	100.0

Total number of investments

Total number of equity investments	37
Total number of fixed income investments	9
Total	46

Key information

Calendar

Year end	January
Accounts published	April
Annual General Meeting	June
Dividend paid	February, June, August, October
Established	1902
Fund managers	Fran Radano
Ongoing charges ^D	0.93%
Annual management fee	0.75% of net assets up to £250m; 0.6% of net assets between £250m; and £500m; 0.5% of net assets above £500m
Premium/(Discount)	(13.6)%
Yield ^E	4.0%
Net cash/(gearing) – including collateral cash ^F	(3.1)%
Net cash/(gearing) – excluding collateral cash ^G	(3.8)%
Active share ^H	86.5%

AIFMD Leverage Limits

Gross Notional	2.5x
Commitment	2x

Assets/Debt (£m)

Gross	483.3
Debt	39.5
Cash & cash equivalents	25.6

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Fund managers' report – continued

shopping season. Despite the Fed's monetary tightening campaign, the US labour market has remained relatively tight. In particular, the US economy added 353,000 (non-farm) jobs in January, which was well above expectations. In addition, a revised average of 255,000 jobs per month were created in 2023, which was above the originally estimated figure of 225,000. Moreover, the unemployment rate unexpectedly remained at 3.7% in January. Meanwhile, reduced inflation expectations and a strong labour market continue to support consumer confidence, although the University of Michigan's barometer fell slightly from 79.0 in January to 76.9 in February. The average rate for a 30-year fixed-rate mortgage increased to 6.9% given the rise in Treasury yields over the month due to higher-than-expected US inflation data.

In portfolio-related corporate news, Emerson Electric reported strong December quarter results that showcased 10% annual organic revenue growth, leading the company to raise full-year guidance on its top and bottom lines. The company also increased its expected cost synergies from the acquisition of National Instruments and pulled forward the timing to realise those benefits. Omega Healthcare Investors also reported a well-received set of quarterly results that demonstrated continued improvement in both rent coverage and occupancy. The company reintroduced annual guidance for adjusted funds from operations for the first time since the onset of Covid-19, demonstrating a renewed degree of confidence and visibility in the business.

Several Trust holdings increased their dividend payouts in February and continued to build upon their established track records of dividend growth.

Company Name	% of Portfolio at 29 February 2024	Quarterly Dividend Per Share Change	Annualised Yield
Analog Devices	2.4%	7.0%	1.9%
Baker Hughes	4.0%	5.0%	2.8%
Cisco Systems	1.0%	2.6%	3.3%
CME Group	1.7%	4.5%	2.1%
CMS Energy	2.1%	5.6%	3.6%
The Coca-Cola Company	2.3%	5.4%	3.2%
Cogent Communications	2.5%	1.0%	4.8%
Gaming And Leisure Properties	4.0%	4.1%	6.7%
Genuine Parts Company	2.8%	5.3%	2.7%
L3Harris Technologies	3.6%	1.8%	2.2%
NextEra Energy	1.6%	10.2%	3.7%
Restaurant Brands International	2.6%	5.5%	3.0%

In terms of portfolio activity during the month, we initiated a position in global industrial leader Honeywell International. Meanwhile, we added to our holdings in industrial gases company Air Products and Chemicals, soft drinks maker Coca Cola, utility CMS Energy, renewable energy company NextEra Energy, real estate investment trusts Omega Healthcare Investors and Gaming and Leisure Properties, and energy infrastructure company Enbridge. In addition, we trimmed the Trust's holdings in network equipment manufacturer Cisco Systems, industrial machinery provider Emerson Electric, agricultural sciences company FMC Corporation, insurer MetLife, health solutions provider CVS Health, pharmaceutical firm Merck, internet service provider Cogent Communications Holdings and semiconductor manufacturer Broadcom.

Outlook

US economic growth has been resilient, benefiting from several factors such as unwinding supply-chain pressures, falling energy prices, and higher productivity growth. Despite tighter credit conditions and greatly reduced household savings, the chances of a soft landing versus a mild recession are becoming more balanced as inflation subsides.

¹ Calculated as notional principal of outstanding divided by gross equity assets.

The risks outlined overleaf relating to exchange rate movements is particularly relevant to this trust, but should be read in conjunction with all warnings and comments given.

Important information overleaf

Assets

	%	£m
Equities	98.1	449.9
Fixed Income	1.9	8.4
Total	100.0	458.3

Options

Number of open options positions	11
Equity sleeve optionised ¹	12.65%

Capital structure

Ordinary shares	136,648,179
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Allocation of management fees and finance costs

Capital	70%
Revenue	30%

Trading details

Reuters/Epic/ Bloomberg code	NAIT
ISIN code	GB00BJ00Z303
Sedol code	BJ00Z30
Stockbrokers	WINS Investment Trusts
Market makers	SETSm



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.abrdn.com/trustupdates or www.northamericanincome.co.uk



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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.
- 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.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- 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.
- Certain trusts may seek to invest in higher yielding securities such as bonds, which are subject to credit risk, market price risk and interest rate risk. Unlike income from a single bond, the level of income from an investment trust is not fixed and may fluctuate.
- 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.

Other important information:

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