RNS Number : 9641E
Dunedin Income Growth Inv Tst PLC
15 April 2025

DUNEDIN INCOME GROWTH INVESTMENT TRUST PLC

Legal Entity Identifier (LEI): 549300PPXLZPR5JTL763

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 JANUARY 2025

Net asset value total return per Ord share[AB]		Share price total return per Ord share[A]	
9.0%		8.4%	
2024	6.7%	2024	(1.6)%
Revenue return per Ord share		Ongoing charges[A]	
13.8p		0.56%	
2024	13.5p	2024	0.64%
Discount to net asset value[AB]		Dividends per Ordinary share	
11.6%		14.20p	
2024	10.7%	2024	13.75p

[A] Alternative Performance Measure.
[B] With debt at fair value.

For further information, please contact:

Paul Finlayson

abrdn Fund Managers Limited

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Chairman's Statement

The UK equity market performed strongly during the year ended 31 January 2025. The Company's net asset value total return was 9.0%, and the share price total return was 8.4%. The Board is pleased to declare an increase of 3.3% in the dividend for the year, to 14.20p per share, equating to a dividend yield of 5.0% based on the year end share price.

Performance

Notwithstanding the positive NAV return for the year, it is disappointing to report underperformance against the benchmark, the FTSE All-Share Index, which produced a total return of 17.1%.

This was a year where relative performance was characterised by challenging market conditions for the Investment Manager's strategy, with relatively concentrated returns and strong performance from a number of sectors to which the Company has limited exposure. In addition, selective tilts towards European exposure, UK mid-caps and companies with quality characteristics have historically been sources of opportunity, but in this period proved a headwind. It is important to note that, while there were some stocks whose performance lagged that expected by the Investment Manager, the Company has suffered primarily from the opportunity cost of missing out on strong returns, as opposed to significant issues affecting the holdings within the portfolio.

The period under review was one of surprisingly positive absolute equity returns against a backdrop of significant elections at home and abroad and general economic, technological and political volatility. The UK stock market was one of the global leaders with its 17% total return, despite a domestic economy that began to stall following the general election in July, and the impact of the new government's revenue raising measures in the October budget. During this time, the large-cap FTSE 100 Index comfortably outperformed the mid-cap FTSE 250 Index and Smaller Companies Index. Inflation remained elevated across most developed economies with UK CPI ending the year at 3.0%, still above the Bank of England's ("BoE") target rate. Despite persistently higher than desired price growth, central banks began the process of easing monetary policy with the BoE cutting interest rates twice in 2024 to bring the base rate to 4.75%. There has been a further reduction to 4.5% since the year end and markets are pricing in a further modest reduction over the remainder of 2025.

Frustratingly, the discount at which the Company's shares are trading to NAV widened over the year by 0.9% to stand at 11.6%. Reducing the discount remains a key objective of the Board and we have continued to buy back substantial numbers of shares over the period. The three main elements needed to reduce the Company's discount are improving benchmark relative performance, demonstrating a compelling income proposition and delivering a high quality and targeted investor relations programme, and these elements continue to be the Board's key areas of focus.

Reflecting on this year's performance, it is worth considering what makes a successful investment trust. For the shares of an investment trust to consistently trade at a narrow discount or at a premium, the investment trust needs to offer an investment strategy that shareholders consider worth investing in, the investment mandate needs to be well-executed and the company needs to have a cost-effective marketing and shareholder relations strategy. These need to be delivered by teams that have experience in all aspects of investment trust management. The Company has all these elements in place. While near-term investment performance has been below our expectations, since the Board repositioned the investment strategy in January 2016, the Company has delivered a NAV total return of 101.3% compared to the benchmark return of 96.2%, and over the same period ranks 6th out of 18 in the AIC UK Equity Income sector by NAV total return, with an annualised NAV total return of 8.1%. This demonstrates that, over this longer period, the Company's returns have been competitive within the sector.

In the past year, the strategy has faced headwinds. In any active strategy, not all investment decisions will be rewarded. In a concentrated portfolio, the effects of poor stock selection are magnified. This is anything but an index-like portfolio, a feature we believe shareholders value and, as we have stated before, there will be years when we perform very differently from the benchmark and many of our peers. This is demonstrated over the past two years: for the year just past, the Company delivered a relatively strong absolute NAV total return of 9.0%, but underperformed the benchmark index; and in the previous year, ended 31 January 2024, the Company delivered a NAV total return of 6.7%, outperforming the benchmark by nearly 5% and was the best performing investment trust in the UK Equity Income sector for that year.

Active management requires the patience to absorb the vicissitudes of markets. The strategy has delivered significant outperformance in the past and the Board believes that it will do so again when the Investment Manager's style returns to favour.

We remain committed to the sustainability ambitions of the Company and believe it is a sensible approach when investing for the long term and to deliver resilient and growing dividends. We expect that investors will return their focus towards this segment of the market as environmental and social risks rise and asset owners turn their attention to the impact of their holdings. This is about both avoiding risks and taking advantage of opportunities, such as investing behind the powerful demand trends stemming from the climate transition.

Earnings

The Board recognises the importance of the revenue return to shareholders and we are pleased to report that the portfolio has seen revenue earnings per share grow by 2.1%, reaching another record high of 13.82p per share, aided by a combination of solid dividend distributions from portfolio companies, a healthy level of option writing income and a reduction in the number of shares outstanding through our ongoing programme of share buybacks. This level of revenue growth per share is in line with the growth of dividend distributions from the FTSE All-Share Index over 2024.

Dividend

Having paid three quarterly dividends of 3.20p per share, we are proposing a final dividend of 4.60p per share, payable on 30 May 2025 to shareholders on the register on 2 May 2025. This will make a total dividend of 14.20p per share for the year, an increase of 3.3% on last year and ahead of the rate of inflation. This will be the 41st year out of the past 45 years that the Company has grown its dividend, with the distribution maintained in the other four years.

In addition, having increased the dividend in every year since 2011, the Company is pleased to be classified under the 'Next Generation of Dividend Heroes' banner by the Association of Investment Companies, being one of the 30 investment trusts that have raised their dividend for between 10 and 19 consecutive years.

It is also worth noting that, since January 2016, the Company's dividend per share has increased by 24.6%, outpacing the 18% growth in dividend distributions from the FTSE All Share Index and doing so in a much more resilient fashion, noting the UK market's 42% cut to dividend payments experienced during the pandemic in 2020. The ability to smooth dividends using revenue reserves or indeed pay from realised capital reserves to maintain shareholder distributions is one of the key benefits of the investment trust structure.

Following payment of the final dividend, the Company will have utilised 0.38p per share of its revenue reserves, leaving nearly 10p per share available to support future distributions. This represents approximately 69% of the current annual dividend cost.

The Company has drawn 3.22p per share from revenue reserves since January 2019, both through the transition away from higher yielding, lower growth companies and, particularly in 2020/21, when 1.9p per share was utilised from revenue reserves following the impact of the Covid pandemic on the portfolio. The Company does have the ability to pay dividends out of realised capital reserves and, given its very long history, is in the very favourable position of having capital reserves that form a significant part of equity shareholders' funds.

The Investment Manager is focussed on enhancing the Company's longer-term potential for both faster dividend growth and better capital performance. The dividend yield was 5.0% based on the share price of 285p at the end of the year, a 35% premium compared to a notional yield of 3.7% from the FTSE All-Share Index and a premium of 11% to the Bank of England's base rate of 4.5%, while offering the prospect of real growth.

Income return through dividends has been a significant proportion of the return to shareholders from their investment in the Company, and the Board is aware of its importance to shareholders. Historic wisdom and practice is that dividends have and can be largely generated from revenue returns, that is dividends paid by companies we invest in, supplemented in the Company's case by the strategic use of option writing. Looking back over the past ten years, as I retire from the Board, it is interesting to note that the UK market has increasingly moved towards buybacks as a flexible form of capital management and distribution. This trend is seemingly structural with buybacks representing approximately 50% of the value of total distributions in 2024. Furthermore, the Sterling amount of dividends being paid by the UK market last year is not much higher than the total in 2014. This shifting landscape presents questions for boards and shareholders both as to dividend policy - what is paid out in any year, and what is a desirable rate of growth to aim for - and investment policy, how your capital is invested to generate this return. Whilst raising questions, in the Board's view these structural changes also present the Company with real potential opportunities, through being able to use the structural advantages of an investment trust to address these shifting market dynamics.

Our progressive distribution policy remains, seeking to grow the dividend faster than inflation over the medium term. With the Company's robust revenue and capital reserves and the healthy underlying earnings growth of the companies within the portfolio, we believe that an overall policy delivering both reliable income and capital growth remains very well supported.

Gearing

The Board believes that the sensible use of modest financial gearing, whilst amplifying market movements in the short term, will enhance returns of both capital and income to shareholders over the long term. We also recognise the benefit that having a reasonable proportion of long-term fixed rate funding provides to managing the Revenue Account, through greater certainty over financing costs.

The Company currently employs two sources of gearing, a £30 million loan note which matures in 2045, and a £30 million multi-currency

The Company currently employs two sources of gearing: a £30 million loan note which matures in 2045, and a £30 million multi-currency revolving credit facility that expires in August 2027 which was put in place in 2024 and negotiated on attractive terms with The Bank of America. This facility replaced the expiring £30 million loan with The Bank of Nova Scotia. A Sterling equivalent of £18.9 million was drawn down from the facility at the year end.

With debt valued at par, the Company's net gearing increased from 6.8% to 10.9% during the year. This was due to the Investment Manager drawing down an additional £5 million of borrowings during the year to deploy into favoured investment opportunities, a lower level of cash balances and the reduction in net assets as a result of the ongoing share buybacks. The Board believes this remains a relatively conservative level of gearing and the undrawn part of the revolving credit facility provides the Company with financial flexibility should opportunities to deploy additional capital arise.

Discount

The share price total return for the year of 8.4% modestly underperformed the NAV total return, reflecting a move in the discount from 10.7% at the end of last year to 11.6% as at 31 January 2025 (on a cum-income basis with borrowings stated at fair value). Reflecting this widening during the year, 11.2 million shares were bought back at an average discount to NAV of 11.0%, providing an estimated enhancement of 1.0% to the NAV per share.

The widening of the Company's discount has been a cause of significant frustration to the Board. The reduction in net demand for the Company's shares has a number of causes, some Company specific and some relating to broader sectoral issues. Specific issues include the transfer of the Aberdeen Savings Schemes at the end of 2023 to the Interactive Investor platform, leading to increased selling during and after the transfer process. The Board has engaged with Aberdeen to understand how the attractive terms of savings schemes and the sense of connection between investors and the Company can be replicated on the Interactive Investor platform. In addition, recent capital performance of the portfolio has not attracted new investors. The current negativity around sustainable investing is also unhelpful. More broadly, UK equities have been out of favour, with the wider reduction in equity exposure to the UK market being well-documented.

The Board believes a consistent rating of the Company's shares close to the underlying asset value is of significant benefit to shareholders and strives to achieve this. The Board also believes that the successful implementation by the Investment Manager of the investment strategy and delivery of both dividend growth and attractive total return performance is key to ensuring this. As in previous years, we will seek shareholders' permission at the AGM to buy back shares and issue new shares. We have actively increased the level of buybacks in recent months and will continue to look at different approaches to reduce the discount, including enhancing the attractiveness of the Company to potential investors, whilst preserving the integrity of the closed ended structure which we believe is a benefit to our portfolio managers and therefore our shareholders. At the time of writing the share price discount to NAV has narrowed to around 8%.

Annual General Meeting and Online Shareholder Presentation

AGM

The AGM will be held at 12 noon on Thursday 22 May 2025 at InterContinental Edinburgh, The George, 19-21 George Street, Edinburgh EH2 2PB. The meeting will include a presentation from the Investment Manager and will be followed by a buffet lunch. We encourage all shareholders to complete and return the Proxy Form enclosed with the Annual Report to ensure that your votes are represented at the meeting.

If you hold your shares in the Company on a platform via a nominee, please note that the Association of Investment Companies has provided helpful information on how to attend an AGM and how to vote investment company shares held on some of the major platforms. This information can be found at: theaic.co.uk/how-to-vote-your-shares

Online Shareholder Presentation

To encourage as much interaction as possible with our shareholders, especially those who are unable to attend the AGM, we will again also be hosting an Online Shareholder Presentation, which will be held at 11.00 am on Wednesday 7 May 2025. At this event you will receive a presentation from the Investment Manager and have the opportunity to ask live questions of the Chairman and the Investment Manager. The online presentation is being held ahead of the AGM to allow shareholders to submit their proxy votes subsequently.

Full details on how to register for the online event can be found at: bit.ly/abrdn-Dunedin-Income-2025

Details are also available on the Company's website.

Board Succession

We were pleased to announce the appointment of Arun Kumar Sarwal as an independent non-executive Director of the Company with effect from 1 February 2025.

Arun is a Chartered Accountant and has broad experience of global equities and fund management over some 35 years in the UK, Europe, and Asia. He is a Board Advisor to Tumelo and a director and Chairman of the Audit Committee of JPMorgan European Discovery Trust plc. Arun will stand for election at the AGM.

It is the Company's stated policy that Directors should stand down after nine years on the Board. Jasper Judd, who is Chairman of the Audit Committee, and I, both joined the Board in February 2016. As previously stated, we will both stand down from the Board at the AGM. It is the Board's intention that Arun will be appointed as Chairman of the Audit Committee in place of Jasper at that time. I would like to thank Jasper for his diligent and highly effective chairing of the Company's Audit Committee and his contribution to Board deliberations.

Howard Williams, who has been a Director since April 2018, will succeed me as Chair of the Company and it is the Board's intention to recruit a further Director later in 2025 to bring the number of Directors back to five.

It has been a great pleasure to be a Director of the Company for the past nine years. I have enjoyed working with my Board colleagues past and present. We have planned for the succession and the Board of Directors taking the Company forward is highly experienced in all aspects of investment trust management. Our Manager, Aberdeen, has undergone significant change over the past nine years but the team managing Dunedin Income Growth has been remarkably consistent with Ben Ritchie involved in managing the portfolio since 2012 and the lead manager since 2016. The individuals working with the Board have been committed and diligent in managing your company and I would like to thank them for their support.

Outlook

The past year has been a difficult period for the Company, notwithstanding the clear focus on generating both total return and dividend

The past year has been a difficult period for the Company, notwithstanding the clear focus on generating both total return and dividend growth. The focus of our approach on high quality companies, with the ability to invest down the market cap spectrum and overseas should give the portfolio both flexibility and resilience. The Board believes that this is a sound strategy to deliver capital outperformance and dividend growth over the longer term. We believe that there are reasons to expect the Company's relative performance to significantly improve and to return to outperformance of both peers and the benchmark. In aggregate, the portfolio valuation is at the narrowest premium to the wider market in three years, despite far stronger levels of profitability, returns and balance sheets. At the stock level, the Investment Manager sees compelling prospective returns from a significant number of the companies in the portfolio, businesses that are trading at prices well below their potential value.

As we have stated in past years, we also believe that the income growth of the Company relies more on structural rather than cyclical growth and that gives the Investment Manager a higher degree of confidence on the likely path of income generation. The sustainability overlay enhances this approach. Our approach should help to underpin earnings delivery, even in an environment where economic growth remains modest. The balanced nature of the portfolio means it is well set to navigate volatile markets and demonstrate resilience in a range of different market environments.

There are of course risks to be aware of. At home in the UK, businesses now have to navigate the substantially increased costs that will come through from the Autumn budget. The economy remains stagnant and the confidence of consumers and companies is subdued. Global politics have become more volatile and the path and impact of US economic policy more difficult to ascertain. President Trump's trade agenda has caused markets a great deal of discomfort since the year end, particularly since his tariff announcement on 2 April. Alongside this, there are already signs of an economic slowdown emerging as businesses grapple with the daily torrent of policy announcements.

While inflationary pressures in the UK have eased, they are still at elevated levels compared to central bank targets. Likewise, geopolitical tensions continue to persist across the Middle East, as does Russia's conflict with Ukraine. Meanwhile, China's economy remains subdued, unlikely to be aided by the current trade dispute with the United States. If there is a potential silver lining of this backdrop, it is that UK inflation may ease faster than expected - energy prices have fallen sharply and this may give the Bank of England greater scope to ease monetary policy, an essential boost to what remains a consumption led domestic economy. As a result, we think it is important to maintain a relatively well-balanced portfolio and the Investment Manager's focus on investing in companies with pricing power, strong balance sheets and with greater exposure to structural, rather than cyclical, growth should offer greater resilience in both capital and income generation, while retaining upside optionality.

The Board is confident that the Company is well positioned to return to deliver relative total return outperformance over the medium and long term. This, combined with continuing to deliver a progressive distribution policy together with a targeted and effective investor relations programme should help to move the Company's shares to trade closer to NAV.

David Barron
Chairman
14 April 2025

Overview of Strategy

Business

The Company is an investment trust with its shares listed on the main market of the London Stock Exchange.

Investment Objective

The Company's objective is to achieve growth of income and capital from a high quality portfolio invested mainly in companies listed or quoted in the United Kingdom or companies having significant operations and/or exposure to the United Kingdom that meet the Company's sustainable and responsible investing approach.

Investment Policy

In pursuit of its objective, the Company's investment policy is to deliver income and long-term growth from investing mainly in equities and equity-related securities of companies incorporated or domiciled in the United Kingdom, or companies having significant operations and/or exposure to the United Kingdom, that meet the Company's sustainable and responsible investing approach.

The Company ensures that all equity and equity related securities adhere to the Investment Manager's Sustainable and Responsible Investment Equity Approach..

The Company does not have a UK sustainable investment label under the sustainability disclosure requirements and investment labels regime ("SDR"). While the Company has sustainability characteristics, it does not have a sustainability objective. Sustainable investment labels are intended to help investors find products that have a specific sustainability goal.

Management Process

The Investment Manager has discretion to actively manage the portfolio to achieve a diverse asset mix at sector and stock level.

The Company incorporates sustainability characteristics through a combination of positive allocation, negative exclusions, and corporate engagement. The Company uses the Investment Manager's proprietary, forward-looking Environmental Social and Governance ("ESG") tools to assess the sustainable characteristics of investments and classifies holdings as Sustainable Leaders, Solutions Providers and Transition companies.

The Investment Manager's internal ESG House Score and ESG Quality Score are also used to identify and exclude companies exposed to the highest ESG risks. For example, the Company will not invest in ESG Q 4 and 5 rated companies or those with an ESG House Score in the bottom 10% of the investment universe. In addition, a set of company exclusions are applied relating to the principles of the UN Global Compact, tobacco manufacturing, thermal coal, oil & gas and weapons.

Further, sustainability characteristics are targeted at the aggregate portfolio level. The Company is committed to having a carbon footprint (Scope 1 and 2) of at least 20% below the FTSE All-Share Index.

The Company may also invest in other investment funds (including those managed by the Investment Manager), money-market instruments and cash. These assets may not adhere to the Company's investment objective but will not conflict with the Company's sustainable and responsible investing approach and will pass the Company's exclusionary screening criteria as agreed by the Board.

Risk Diversification

The Company maintains a diversified portfolio consisting, substantially, of equity or equity-related securities, and it can invest in other financial instruments. The Company is invested mainly in companies listed or quoted in the United Kingdom and can invest up to 25% of its gross assets overseas.

It is the policy of the Company to invest no more than 15% of its gross assets in other listed investment companies and no more than 15% of its gross assets in any one company.

Gearing

The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. The Board has set its gearing limit at a maximum of 30% of the net asset value at the time of draw down. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent considered appropriate.

The Company may only make material changes to its investment policy (including the level of gearing set by the Board) with the approval of shareholders in the form of an ordinary resolution and the prior approval of the FCA.

Delivering the Investment Objective and Policy

The Directors are responsible for determining the Company's investment objective and investment policy.

Day-to-day management of the Company's assets has been delegated, via the AIFM, to the Investment Manager.

Benchmark

The Company's benchmark is the FTSE All-Share Index (total return). Performance is measured on a net asset value total return basis over the long-term.

Promoting the Success of the Company

The Board's statement below describes how the Directors have discharged their duties and responsibilities over the course of the financial year under section 172 (1) of the Companies Act 2006 and how they have promoted the success of the Company for the benefit of the members as a whole.

Key Performance Indicators ("KPIs")

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determining the progress of the Company in pursuing its investment policy. The main KPIs are shown in the table below.

KPI	Description
Performance of NAV against benchmark index and comparable investment trusts	The Board measures the Company's NAV total return performance against the total return of the benchmark index - the FTSE All-Share Index. The Board also monitors performance relative to a peer group of investment trusts which have similar objectives, policies and yield characteristics.
Revenue return per Ordinary share	The Board monitors the Company's net revenue return.
Dividend per Ordinary share	The Board monitors the Company's annual dividends per Ordinary share.
Share price performance	The Board monitors the performance of the Company's share price on a total return basis.
Premium/discount to NAV	The premium/discount of the share price relative to the NAV per share is monitored by the Board.
Ongoing charges	The Board monitors the Company's operating costs carefully.

Principal Risks and Uncertainties

The Board carries out a regular review of the risk environment in which the Company operates, changes to the environment and individual risks. The Board also considers emerging risks which might affect the Company. The Board receives updates from the Manager on the risks that could affect the Company.

The Board has carried out a robust assessment of the Company's principal and emerging risks, which include those that would threaten its business model, future performance, solvency, liquidity or reputation. The principal risks and uncertainties facing the Company at the current time, together with a description of the mitigating actions the Board has taken, are set out in the table below. In addition to those principal risks and uncertainties, the Board considers that the development of Artificial Intelligence ("AI") presents potential risks to businesses in almost every sector. The extent of the risk presented by AI is extremely hard to assess at this point but the Board considers that it is an emerging risk and, together with the Manager, will monitor developments in this area.

There are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. These include a number of existing geo-political risks, including the impact on global financial markets of US tariffs announced since the year end. The Board is also conscious of the effect of higher inflation on global financial markets and the resultant implications for interest rates.

The principal risks associated with an investment in the Company's shares are published monthly in the Company's factsheet and they can be found in the pre-investment disclosure document ("PIDD") published by the Manager, both of which are available on the Company's website.

Risk	Mitigating Action
Investment objectives - a lack of demand for the Company's shares could result in a widening of the discount of the share price to its underlying NAV and a fall in the value of its shares.	Board review. The Board formally reviews the Company's objectives and strategies for achieving them on an annual basis, or more regularly if appropriate. Shareholder communication. The Board is cognisant of the importance of regular communication with shareholders. Directors attend meetings with the Company's largest shareholders and meet other shareholders at the Annual General Meeting and, as explained in the Chairman's Statement, the Company will hold an online shareholder presentation in advance of the Annual General Meeting this year including the opportunity for an interactive question and answer session. The Board reviews shareholder correspondence and investor relations reports and also receives feedback from the Company's Stockbroker. Discount monitoring. The Board, through the Manager, keeps the level of discount under constant review. The Board is responsible for the Company's share buy back policy and is prepared to authorise the use of share buy backs to provide liquidity to the market and try to limit volatility in the share price and any widening of the discount.
Investment strategies - the Company adopts inappropriate investment strategies in pursuit of its objectives which could result in investors avoiding the Company's shares, leading to a widening of the discount and poor investment performance.	Adherence to investment guidelines. The Board sets investment guidelines and restrictions which the Manager follows, covering matters such as asset allocation, diversification, gearing, currency exposure and use of derivatives, as well as the Company's sustainable and responsible investment criteria. These guidelines are reviewed regularly and the Manager reports on compliance with them at Board meetings. Diversification. In order to ensure adequate diversification, the Board has set absolute limits on maximum holdings and exposures in the portfolio at the time of investment, which are in addition to the limits contained in the Company's investment policy, including the following: - No more than 10% of gross assets to be invested in any single stock; and - The top five holdings should not account for more than 40% of gross assets.
Investment performance - the appointment or continuing appointment of an investment manager with inadequate resources, skills or expertise or which makes poor investment decisions. This could result in poor investment performance, a loss of value for shareholders and a widening discount.	Monitoring of performance. The Board meets the Investment Manager on a regular basis and keeps under close review (inter alia) its resources and adherence to investment processes. The Board also keeps under review the adequacy of risk controls and investment performance. Management Engagement Committee. A detailed formal appraisal of the Manager is carried out annually by the Management Engagement Committee.
Sustainable and responsible investing criteria - failure of the Company to adhere to its sustainable and responsible investment criteria, or non-compliance with applicable regulations, could lead to a loss of investor confidence or accusations of greenwashing.	Adherence to restrictions. The Board sets restrictions relating to the Company's sustainable and responsible investment criteria, which the Investment Manager follows. These restrictions are reviewed regularly and the Investment Manager reports on compliance with them at Board meetings. Awareness of regulations. Through the regulatory risk controls stated below, the Board is also aware of the relevant ESG regulations impacting the Company.
Income/dividends - the Company adopts an unsustainable dividend policy resulting in cuts to or suspension of dividends to shareholders, or one which fails to meet investor demands.	Revenue forecasting and monitoring. The Manager presents detailed forecasts of income and expenditure at Board meetings, covering both the current and subsequent financial years. Dividend income received is compared to forecasts, and variances analysed. Use of reserves. The Company has built up revenue reserves which are available to

	smooth dividend distributions to shareholders should there be a shortfall in revenue returns. The Company also has the ability to fund dividend distributions from realised capital reserves.
Financial/market - insufficient oversight or controls over financial risks, including market risk, foreign currency risk, liquidity risk and credit risk could result in losses to the Company.	Management controls. The Manager has a range of procedures and controls relating to the Company's financial instruments, including a review of investment risk parameters by its Investment Risk department and a review of credit worthiness of counterparties by its Counterparty Credit Risk team. Foreign currency hedging. It is not the Company's policy to hedge foreign currency exposure but the Company may, from time to time, partially mitigate it by drawing down borrowings in foreign currencies. Board review. As stated above, the Board sets investment guidelines and restrictions which are reviewed regularly and the Manager reports on compliance with them at Board meetings. Further details of the Company's financial instruments and risk management are included in note 19 to the financial statements.
Gearing - gearing accentuates the effect of rises or falls in the market value of the Company's investment portfolio on its NAV. An inappropriate level of gearing at a time of falling values could result in a significant fall in the value of the Company's net assets and share price. Such a fall in the value of the Company's net assets could result in a breach of loan covenants and trigger demands for early repayment or require investments to be sold to meet any shortfall. This could result in further losses.	Gearing restrictions. The Board sets gearing limits within which the Manager can operate. Monitoring. Both the limits and actual levels of gearing are monitored on an ongoing basis by the Manager and at regular Board meetings. In the event of a possible impending covenant breach, appropriate action would be taken to reduce borrowing levels. Scrutiny of loan agreements. The Board takes advice from the Manager and the Company's lawyers before approving details of loan agreements. Care is taken to ensure that covenants are appropriate and unlikely to be breached. Limits on derivative exposure. The Board has set limits on derivative exposures and positions are monitored at regular Board meetings.
Regulatory - changes to, or failure to comply with, relevant regulations (including the Companies Act, The Financial Services and Markets Act, The Alternative Investment Fund Managers Directive, accounting standards, investment trust regulations, the Packaged Retail and Insurance-based Investment Product Regulations, the Listing Rules, Disclosure Guidance and Transparency Rules and Prospectus Rules) could result in fines, loss of reputation, reduced demand for the Company's shares and potentially loss of an advantageous tax regime.	Board awareness. The Directors have an awareness of the more important regulations and are provided with information on changes by the Manager and the Association of Investment Companies. In terms of day to day compliance with regulations, the Board is reliant on the knowledge and expertise of the Manager. However, where necessary, the Board engages the service of external advisers. In addition, all Directors are encouraged to attend relevant training courses. Management controls. The Manager's company secretariat and accounting teams use checklists to aid compliance and these are backed by the Manager's compliance monitoring programme and risk based internal audit investigations.
Operational (including cyber-crime) - the Company is reliant on services provided by third parties (in particular those of the Manager and the Depositary) and any control gaps and failures in their operations could expose the Company to loss or damage.	Agreements. Written agreements are in place defining the roles and responsibilities of all third party service providers. Internal control systems of the Manager. The Board receives reports on the operation and efficacy of the Manager's IT and control systems, including those relating to cyber-crime, and its internal audit and compliance functions. Safekeeping of assets. The Depositary is ultimately responsible for the safekeeping of the Company's assets and its records are reconciled to those of the Manager on a regular basis. Through a delegation by the Depositary, the Company's investments and cash balances are held in segregated accounts by the Depositary. Monitoring of other third party service providers. The Manager monitors closely the control environments and quality of services provided by third parties, including those of the Depositary. This includes controls relating to cyber-crime and is conducted through service level agreements, regular meetings and key performance indicators. The Directors review reports on the Manager's monitoring of third party service providers on a periodic basis.
Geo-political - the impact of current and future geo-political events could result in losses to the Company.	Board and Manager awareness. Geo-political events over which the Company has no control are always a risk. The Investment Manager's focus on quality companies, the diversified nature of the portfolio and a managed level of gearing all serve to provide a degree of protection in times of market volatility.

Promotional Activities

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the rating of the Company's shares. The Board believes one effective way to achieve this is through subscription to, and participation in, the promotional programme run by Aberdeen on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Manager. The Company also supports the Manager's investor relations programme which involves regional roadshows, promotional and public relations campaigns. The Manager's promotional and investor relations teams report to the Board on a quarterly basis giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make-up of that register.

The purpose of the promotional and investor relations programmes is both to communicate effectively with existing and prospective investors and to gain new shareholders, with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key. The promotional programme includes commissioning independent paid for research on the Company, most recently from Kepler Trust Intelligence. A copy of the latest research note is available from the Literature section of the Company's website.

Social and Human Rights Issues

The Company has no employees as the Board has delegated the day to day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees.

Modern Slavery Act

Due to the nature of its business, being a company that does not offer goods and services to customers, the Board considers that the Company is not within the scope of the Modern Slavery Act 2015. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

The UK Stewardship Code and Proxy Voting

The Company supports the UK Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.

Aberdeen Group plc is a signatory to the UK Stewardship Code which aims to enhance the quality of engagement by investors with investee companies in order to improve their socially responsible performance and the long term investment return to shareholders. While delivery of stewardship activities has been delegated to the Manager, the Board acknowledges its role in setting the tone for the effective delivery of stewardship on the Company's behalf.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Under Listing Rule 11.4.22(R), the Company, as a closed ended investment company, is exempt from complying with the Task Force on Climate-related Financial Disclosures.

Viability Statement

The Board considers that the Company, which does not have a fixed life, is a long term investment vehicle and, for the purposes of this statement, has decided that five years is an appropriate period over which to consider its viability. The Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than five years.

Taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of five years from the date of this Report.

In assessing the viability of the Company over the review period, the Directors have focused upon the following factors:

- The principal risks and uncertainties detailed in the Strategic Report and the steps taken to mitigate these risks.
- The relevance of the Company's investment objective.
- The Company is invested in readily-realisable listed securities.
- The level of share buy backs carried out during the year and subsequent to the year end.
- Although the Company's stated investment policy contains a maximum gearing limit of 30% of the net asset value at the time of draw down, the Board's policy is to have a relatively modest level of gearing and the financial covenants attached to the Company's borrowings provide for significant headroom.
- The level of ongoing charges.
- The robustness of the operations of the Company's third party service suppliers.

In making its assessment, the Board is also aware that there are other matters that could have an impact on the Company's prospects or viability in the future, including current and future geo-political events, economic shocks or significant stock market volatility caused by other factors, and changes in regulation or investor sentiment.

Outlook

The Board's view on the general outlook for the Company can be found in the Chairman's Statement whilst the Investment Manager's views on the outlook for the portfolio are included in its statement below.

On behalf of the Board
David Barron
Chairman
14 April 2025

Promoting the Success of the Company

Introduction

Section 172 (1) of the Companies Act 2006 (the "Act") requires each Director to act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

The Board is required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year under that provision of the Act (the "Section 172 Statement"). This statement provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account, among other things, the likely long term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The Purpose of the Company and Role of the Board

The purpose of the Company is to act as a vehicle to provide, over time, financial returns (both income and capital) to its shareholders. Investment trusts, such as the Company, are long-term investment vehicles and are typically externally managed, have no employees, and are overseen by an independent non-executive board of directors.

The Board, which throughout the year comprised five independent non-executive Directors with a broad range of skills and experience across all major functions that affect the Company, retains responsibility for taking all decisions relating to the Company's investment objective and policy, gearing, corporate governance and strategy, and for monitoring the performance of the Company's service providers.

The Board's philosophy is that the Company should operate in a transparent culture where all parties are provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager and Investment Manager operate at its meetings and receives regular reporting and feedback from the other key service providers. The Board works very closely with the Manager and Investment Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the Company's affairs, as well as visibility and openness in how the affairs are conducted.

The Company's main stakeholders have been identified as its Shareholders, the Manager (and Investment Manager), Service Providers, Investee Companies, Debt Providers and, more broadly, the environment and community at large.

How the Board Engages with Stakeholders

The Board considers its stakeholders at Board meetings and receives feedback on the Manager's interactions with them.

Further details are included in the table below.

Stakeholder	How We Engage
Shareholders	Shareholders are key stakeholders and the Board places great importance on communication with them. The Board welcomes all shareholders' views and aims to act fairly between all of them. The Manager and Company's Stockbroker meet regularly with current and prospective shareholders to discuss performance and shareholder feedback is discussed by the Directors at Board meetings. In addition, the Manager meets with analysts who cover the investment trust sector and the Directors attend meetings with the Company's largest shareholders and meet other shareholders at the Annual General Meeting. The Company subscribes to the Manager's investor relations programme in order to maintain communication channels, in particular, with the Company's institutional shareholder base. Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly

	Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets, Company announcements, including daily NAV announcements, and the Company's website. The Company's Annual General Meeting provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Manager. The Board encourages as many shareholders as possible to attend the Company's Annual General and to provide feedback on the Company. In addition to the Annual General Meeting, this year the Company will again hold an online shareholder presentation at which shareholders will receive updates from the Chairman and Investment Manager and there will be the opportunity for an interactive question and answer session. Further details are provided in the Chairman's Statement.
Manager (and Investment Manager)	The Investment Manager's Review details the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by the Company, with the oversight of the Board. The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review meeting to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders. The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy. The Board, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually.
Service Providers	The Board seeks to maintain constructive relationships with the Company's suppliers either directly or through the Manager, with regular communications and meetings. The Management Engagement Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations, carrying out their responsibilities and providing value for money.
Investee Companies	Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager. The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. The Manager reports regularly to the Board on investment and engagement activity.
Debt Providers	On behalf of the Board, the Manager maintains a positive working relationship with Bank of America, N.A., London Branch, the provider of the Company's multi-currency loan facility, and provides regular updates on business activity and compliance with its loan covenants. The Manager also provides regular covenant compliance certificates to the holders of the Company's £30 million Loan Notes.
Environment and Community	The Board and Manager are committed to investing in a sustainable and responsible manner.

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not a new requirement, and is considered during every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 31 January 2025. Each of these decisions was made after taking into account the short and long term benefits for stakeholders.

Investment Objective and Portfolio (including sustainable and responsible investing criteria)

The Investment Manager's Review details the key investment decisions taken during the year, including adherence to the Company's sustainable and responsible investing criteria.

The overall shape and structure of the investment portfolio is an important factor in delivering the Company's stated investment objective and is reviewed at every Board meeting, including adherence to the Company's sustainable and responsible investing criteria.

During the year, through the work of the Management Engagement Committee, the Board decided that the continuing appointment of the Manager is in the best interests of shareholders.

Sustainable Disclosure Requirements ("SDR")

During the year, the Board considered the UK's Sustainable Disclosure Requirements, including the Naming and Marketing rules that come into force on 2 December 2024. No changes were made to the Company's investment strategy or the investment process as a result of the new rules.

The Company adopted a sustainable investment overlay to its investment objective in 2021. The move reflected an evolution of the investment process and formalised the Investment Manager's approach to quality investing, which incorporates an assessment of long term environmental, social and governance risks and opportunities.

In November 2023, as part of its improvements to the regulation of sustainable products domiciled in the UK, the FCA confirmed that it would be possible for investment companies which met certain qualifying criteria to apply one of four sustainable investment labels as well would be possible for investment companies which met certain qualifying criteria to apply one of four sustainable investment labels as well as a fifth category of unlabelled but with sustainability characteristics under its new naming and labelling regime.

During the year, the Manager advised the Board that, although the Company's investment objective explicitly referenced sustainable and responsible investing criteria, the objective itself did not constitute a sustainability objective. Therefore, in its current form, the Company's investment policy and the broader investment process would be unlikely to satisfy the FCA's requirements for a label without making some changes. As a result, the Board decided that the Company would not seek to apply a sustainability label under UK SDR for the time being but instead would adopt the category 'unlabelled but with sustainability characteristics'.

Dividend

Following the payment of the final dividend for the year, of 4.60p per Ordinary share, total dividends for the year will amount to 14.20p per Ordinary share. This represents an increase of 3.3% compared to the previous year. This will be the 41st year out of the past 45 that the Company has grown its dividend, with the distribution maintained in the other four years, and is in accordance with its policy to grow total annual dividends in real terms over the medium term.

Through meetings with shareholders and feedback from the Manager and the Company's Stockbroker, the Board is conscious of the importance that shareholders place on the level of dividends paid by the Company.

Renewal of Bank Loan

During the year, the Board announced the renewal of the Company's £30 million multi-currency revolving credit facility with Bank of America, N.A., London Branch. The facility replaced the expiring £30 million multi-currency revolving credit facility and will expire in August 2027.

Under the terms of the facility, the Company has the option to increase the level of the commitment from £30 million to £40 million at any time, subject to the lender's consent.

The Board continues to believe that borrowings, in the form of the Company's Loan Notes 2045 and the multi-currency revolving credit facility, are beneficial to long term net asset value returns and is one of the benefits of the closed ended investment trust structure.

Share Buy Backs

During the year, the Company bought back 11,223,856 Ordinary shares to be held in treasury, at a cost of £31.5 million, providing a small accretion to the NAV per share and a degree of liquidity to the market at times when the discount to the NAV per share had widened in normal market conditions. It is the view of the Board that this policy is in the interest of all shareholders.

Shareholder Engagement

During the year, the Board met shareholders at the AGM which was held in London. The AGM will be held in Edinburgh this year. The Board receives feedback from the Stockbroker and the Manager following meetings with shareholders and the Charman is available to meet with the Company's larger shareholders. Shareholder letters addressed to the Board are shared with all Directors and responded to directly by the Charman.

To encourage and promote stronger interaction and engagement with the Company's shareholders, the Board will hold an interactive online shareholder presentation which will be held at 11.00am on Wednesday 7 May 2025. At the presentation, shareholders will receive updates from the Chairman and Investment Manager and there will be the opportunity for an interactive question and answer session. The online presentation is being held ahead of the Annual General Meeting to allow shareholders to submit their proxy votes prior to the meeting. Details of how to register for the event can be found in the Chairman's Statement.

In addition, the Chairman and the Manager recorded podcasts during the year which are available on the Company's website, providing updates on performance and the outlook for markets.

The Board considers that it is important to maintain an ongoing dialogue with shareholders to properly understand their views and to communicate the actions of the Board.

Board Succession

As explained in the Chairman's Statement the Directors' Report, as part of the Board's succession planning, and following a search process that began during the financial year, Arun Kumar Sarwal was appointed as an independent non-executive Director on 1 February 2025.

David Barron and Jasper Judd joined the Board in February 2016 and will both retire as Directors at the AGM. Howard Williams will succeed David Barron as Chairman of the Board and Arun Kumar Sarwal will be appointed as Chairman of the Audit Committee in place of Jasper Judd.

It is the Board's intention to recruit a further Director later in 2025 to bring the number of Directors back to five.

New Board appointments seek to achieve a good balance of skills, experience, gender and ethnicity. The Board believes that shareholders' interests are best served by ensuring a smooth and orderly refreshment of the Board which serves to provide continuity and maintain the Board's open and collegiate style.

On behalf of the Board
David Barron
Chairman
14 April 2025

Performance

Performance (total return)

	1 year % return	3 year % return	5 year % return
Total return (Capital return plus net dividends reinvested)			
Net asset value[AB]	9.0	19.1	28.4
Share price[B]	8.4	5.8	19.1
FTSE All-Share Index	17.1	25.5	37.9
Capital return			
Net asset value[A]	4.4	4.3	3.3
Share price	3.3	(8.1)	(5.3)
FTSE All-Share Index	12.9	12.4	16.1

[A] Cum-income NAV with debt at fair value.
[B] Considered to be an Alternative Performance Measure
Source: Aberdeen, Factset & Morningstar

Ten Year Financial Record

Year ended 31 January	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total revenue (£'000)	20,359	21,963	22,317	22,263	20,518	18,346	21,518	21,950	22,949	22,550
Per share (p)										
Revenue return	12.11	12.55	12.64	12.68	12.08	10.90	12.87	13.02	13.54	13.82
Dividends paid/proposed	11.40	11.70	12.10	12.45	12.70	12.80	12.90	13.10	13.75	14.20
Revenue reserve[A]	9.63	10.51	11.16	11.54	10.94	9.07	9.05	8.97	8.99	9.85
Net asset value[B]	237.48	270.34	290.57	266.83	312.22	297.64	309.03	302.80	308.98	322.47
Total return[C]	(28.94)	43.83	30.83	(11.95)	58.57	(1.81)	23.78	1.92	15.45	23.90
Shareholders' funds (£'000)	368,041	415,810	442,384	401,731	469,806	448,293	464,579	448,605	445,815	428,528

[A] After payment of third interim and final dividends (see note 16 for further details).
[B] With debt at fair value.
[C] Per Statement of Comprehensive Income.

Investment Manager's Review

Introduction

The UK market rose strongly in the year to 31 January 2025. The Company's net asset value ("NAV") total return for the year of 9.0% compared to a total return of 17.1% from the benchmark, the FTSE All-Share Index. The UK equity market ended the year at an all-time high, driven by performance of the largest UK companies in the market. The market was supported by declining inflation and the Bank of England's ("BoE") first interest rate cuts in four years. Concurrently, global markets advanced, bolstered by favourable economic trends, the resilience of the US economy, an artificial intelligence ("AI") investment cycle, and monetary policy easing by central banks. The UK economy is anticipated to have achieved modest GDP growth in 2024, and the Office for Budget Responsibility revised down its growth forecasts for 2025. At the same time, rises in tax and spending announced in the new Labour government's autumn Budget damaged investor and business confidence, and threatened to lead to a slower pace of interest rate cuts in 2025.

Although it is disappointing that the Company's performance did not keep pace with the strong market performance, this outcome is consistent with our defensive and quality-focused investment strategy. Our emphasis on high-quality companies and investments that can deliver both income and capital growth, while adhering to the Company's sustainable and responsible investing principles, remains unchanged.

The Company offers a distinctive approach within the UK Equity Income Investment Trust sector, designed to generate superior long-term returns. The high conviction portfolio, at the year end comprising 33 holdings with a strong focus on quality, is highly differentiated from other UK Equity Income investment trusts. The Company maintains a differentiated positioning relative to its peers and benchmark, with an overweight allocation to the UK mid and small cap companies (at 21% of NAV) and an allocation to European companies (at 22%). Notably, the Company remains the only equity income investment trust with a formal sustainability approach. This year, the Company updated its policy and consumer facing documentation to meet the UK Sustainable Disclosure Regulations, recognising the sustainability characteristics of the portfolio.

Performance

While the absolute NAV total return of the Company in the year was a robust 9.0% , this represented an underperformance of 8.1% against the benchmark index. There were three main drivers of this. First, our positioning in the Financials sector to which around half of the underperformance can be attributed. Secondly the Company's stylistic focus on high-quality companies and its overweight exposure to more domestically orientated mid and small caps. Thirdly, a small number of companies that experienced more challenging trading conditions during the year.

With regards to the Financials sector, the Company has historically run a large underweight position in the banking sector, given our focus on high quality businesses and that sector's significant economic sensitivity, exposure to political and regulatory oversight, earnings heavily linked to the unpredictable interest rate cycle, and variability in shareholder distributions, with a poor long-term track record of maintaining and growing dividends. Over the past few years, we have seen a more supportive environment for banks with a recovery from Covid lows, rising interest rates supporting net interest income growth, low levels of provisions and a more settled regulatory environment which, alongside modest valuations, has driven strong share price returns. Choosing not to own the likes of HSBC, Standard Chartered, Lloyds, Barclays and, for much of the year, NatWest has proven to be a missed opportunity and accounted for most of the headwind from the sector.

Within financials we have tended to focus instead on high yielding stocks where we have greater confidence in the maintenance and growth of dividends or on lower yielding businesses where we see long-term structural growth opportunities. That has led us to hold M&G and Chesnara where we have high confidence in the maintenance of very generous yields and steady longer-term growth. While both companies have their complexities, their business models are subject to significantly less variability than traditional banks and this is evidenced by neither company having cut its dividend during its life as a listed business. Alongside this, we hold positions in lower yielding but faster growing companies such as Intermediate Capital, Hiscox and London Stock Exchange where we see very attractive return potential for private markets, specialist insurance and financial data and services respectively. Over the long-term, those companies have performed very well and demonstrated the ability to grow shareholder distributions at attractive rates of return.

Alongside the lack of exposure to banks, one other holding that has proven more challenging within the Financials sector has been Asian-focussed life assurer and asset manager Prudential. A combination of regulatory changes in a number of its end markets, weaker economic performance and some internal missteps have seen its rate of growth decline. It has also suffered from association with large exposures to Hong Kong and China where it has been treated as a proxy for those expressing caution on those end markets. Prudential, however, remains exposed to end markets with very low levels of insurance penetration, large unmet need for personal provision in the absence of state support, strong market share positions and helpful demographic trends. While timing is never certain, we do see substantial potential upside for those prepared to be patient.

The second element that held back performance during the year was our stylistic focus on high-quality companies and overweighting the mid-cap part of the market. This was very much a year where companies with low starting valuations were in vogue, materially outperforming those with strong quality characteristics. The Company's overweight position to UK mid and small cap companies detracted, with the FTSE 100 Index outperforming the mid cap focused FTSE 250 Index by 5.2% over the year, with domestically exposed companies particularly overlooked in the second half of the year as concerns grew over the state of UK economy and capital focussed on the larger part of the market. We believe strongly that over, the long-term, an emphasis on high quality companies will deliver good returns for the Company with both greater resilience and faster rates of earnings and dividend growth. Likewise, we continue to see numerous compelling opportunities to invest in UK mid cap companies, where our research capabilities can give us an edge in what are often overlooked corners of the market - we consider that the portfolio has a number of stocks with substantial potential upside.

Finally, there were a small number of companies that detracted from performance in the year. Edenred, a global services and payments business, faced several headwinds, including regulatory changes in Italy, declining Eurozone interest rates and slower revenue growth as inflation benefits wane. However, despite this, Edenred delivered solid results in 2024, has successfully navigated similar regulatory inflation benefits wane. However, despite this, Edenred delivered solid results in 2024, has successfully navigated similar regulatory pressures in other markets and continues to deliver strong profit and dividend growth, leveraging its valuable proposition and extensive portfolio reach. Now trading at a very modest valuation, we expect trading to steadily improve through the year and for the company to rebuild confidence with investors. As was the case to a degree last year, niche lender Close Brothers continued to struggle in the face of regulatory pressures on its car finance business and the potential costs of compensation and remediation. We had maintained the holding, looking for a potential recovery, but the prospects of a rapid resolution to the regulatory overhang receded and the negative impact on the underlying business continued to develop, leading us to exit the holding in the second half of the year. Not holding aerospace engineer Rolls Royce also proved to be a drag as the company delivered cash generation ahead of expectations driven by a robust civil aerospace cycle and recovered from a number of years of tough market conditions and self-inflicted challenges. Our primary rationale for not holding stems from a lack of dividend, with the company not having paid a distribution since 2020.

While our focus is quite rightly on what has been challenging during the year. It is important to emphasise that the headwinds to performance primarily stemmed from companies we didn't own, during a year where the market return of 17% was relatively high in a historic context. Encouragingly, we saw a number of the holdings deliver strong returns in the year. Notably Morgan Sindall published consistently excellent results, as customers looked to upgrade office space. This substantial profit growth and strong market position led to a significant increase in dividend payouts and consequently the share price. Games Workshop, a leading hobbyist retailer, demonstrated resilience in the face of cautious consumer spending, which has challenged many consumer facing businesses. The company's strategic partnership with Amazon, finalised in December, will adapt the Warhammer universe into films and television series, promising profitable growth opportunities in the coming years and, alongside the digitalisation of its brand, there remains a long runway of future growth potential. It has also significantly increased its dividend payments back to investors. As previously mentioned, Intermediate Capital Group benefitted from strong fund raising and continued appetite for private market assets, while London Stock Exchange continued to deliver solid growth and increasingly demonstrate the value it has been able to extract from the Refinitiv acquisition.

Revenue Account

We are pleased with the Company's income progression in the year, with the final outcome of 13.82p representing a 2.1% year on year increase, in line with our expectations at the start of the year and broadly matching the level of dividends being distributed by the wider market which, according to Computershare, increased in 2024 by 2.3% on a headline basis and declined 0.4% on an underlying basis (adjusting for foreign exchange movements and special dividends).

We benefitted from special distributions paid by Volvo and Softcat, and generally dividends were in line with or ahead of our expectations, reflecting the solid operational performance of the Company's holdings during the period The one significant dividend cut came from Close Brothers, but this was already reflected in our expectations for the year. We continued to generate income from option writing, which represented 10.6% of total income for the year (2024: 9.0%).

While the actual level of investment income declined during the year (see note 3 to the financial statements), this needs to be seen in the context of funding the ongoing share buyback programme which reduced the share count by nearly 8%. Looking at resulting earnings per share performance takes into account both of these elements and we believe is the best way to judge overall income performance.

Portfolio Activity

We introduced several new companies to the portfolio over the year. This included Genuit, a leading manufacturer of piping solutions for water, climate, and ventilation management. Genuit's strong focus on sustainability positions it well for long-term structural growth and potential margin expansion, despite its cyclical nature. Convatec, specialises in advanced wound care, ostomy care, continence care, and infusion care. The company benefits from favourable demographic trends, including an aging population and an increasing incidence of chronic conditions. We believe it has the potential to accelerate revenues given its focus on product innovation, and enhance its operating margins - something that is not yet reflected in its valuation. We invested in Azelis, a Belgian-listed specialty chemical distributor with a significant presence in the life sciences sector. Azelis operates a capital-light business model and boasts a network of application laboratories that provide technical guidance on product development, supporting its long-term growth prospects. We also acquired a stake in Gaztransport & Technigaz (GTT), a French-listed industrial engineering design firm renowned for its membrane designs used in LNG carrier ships. GTT's product leadership allows for premium pricing and positions it for growth alongside the expanding global LNG fleet. The company has a net cash balance sheet, generates high cash conversion rates, and returns excess liquidity to investors, positioning it well to provide an attractive and growing dividend stream. Lastly, we introduced NatWest, the UK retail bank, to better balance our Financials exposure, having sold Nordea earlier in the year, and to help support the higher income element of the portfolio. NatWest is a relatively simple banking operation, generates robust returns, has an improving revenue outlook, and offers a well above-market dividend yield, supported by a strong balance sheet, which gives us greater confidence in its long-term sustainability.

In line with our strategy to focus on best ideas and maintain a concentrated portfolio, we exited several holdings. Nordea was sold following the payment of a special dividend, as we anticipated a weaker interest rate outlook in Europe. Croda, a specialty chemical business, was divested due to disappointing results that eroded our confidence in its competitive strengths. We also exited Moonpig and Marshalls after strong share price recoveries, as market confidence in their growth prospects rebounded post-Covid. Pets at Home was also sold as we focused the portfolio on higher quality companies, reflecting some of the inherent challenges faced by pure domestic retail franchises amidst substantial cost inflation and subdued consumer demand. Finally, we exited Close Brothers following a challenging year marked by uncertainty related to potential financial redress owning to regulatory investigation into historic discretionary commission payments in the motor finance loan book.

We took profits from stronger performers whose valuations approached fair value and reinvested in companies that had lagged but retained compelling investment cases. For example, we took profits in Intermediate Capital Group, London Stock Exchange, Games Workshop and Morgan Sindall. We took advantage of periods of share price weakness in the year to top up Genus, Convatec, Mercedes Benz, National Grid, Edenred, Sirius Real Estate and Novo-Nordisk.

Outlook

Sentiment towards UK and European equity markets has been influenced by a complex interplay of factors, from weaker Chinese growth, geopolitical tensions, inflation concerns, and the threat of tariffs from the United States. Meanwhile, the UK economy is experiencing anaemic growth, with the government seeking to stimulate activity within fiscal constraints. Despite robust household cash flows and record savings rates, UK consumer confidence remains low, echoing trends in business surveys. The outlook is uncertain, with risks stemming from trade tensions, moderating global growth, the efficiency of AI-related capital expenditures and valuations. However, this complex environment, combined with stabilising real interest rates, should present a favourable backdrop for stock pickers. We continue to believe that UK equity income offers attractive characteristics for shareholders, including potential for real growth in dividends and good rates of capital growth.

Despite these challenges, the UK market performed strongly over the last year, driven by positive economic surprises, Sterling weakness, and low starting valuations. Despite recent performance, the UK and European markets, as well as the holdings in the portfolio, trade on valuations that reflect subdued expectations that could be exceeded again. Mergers and acquisitions remain a prominent feature, with numerous UK businesses being approached by private equity and strategic buyers, with health care real estate company Assura receiving an approach from private equity after the year end. The balance sheets of UK corporates are healthy, with many UK listed companies actively engaging in share buybacks and increasing dividends.

Since the year end, President Trump's implementation of sweeping tariffs, even though somewhat amended, has caused significant financial market turbulence. While acknowledging the risks, we maintain an optimistic outlook for the portfolio. Our investment style and positioning have faced headwinds this year, but we remain convinced that high-quality, sustainable businesses with resilient income streams give the Company the potential to perform over the long term, particularly so in a more challenging global economic environment. We continue to see compelling investment opportunities across all sizes of UK companies and are utilising gearing and overseas allocation to enhance portfolio diversification and return potential. Our focus remains on balancing protecting downside risks to capital while participating in opportunities for upside potential.

Ben Ritchie and Rebecca Maclean,
Aberdeen
14 April 2025

Portfolio

At 31 January 2025

Company	Sector	Valuation 2025 £'000	Total assets %	Valuation 2024 £'000
Unilever	Personal Care, Drug and Grocery Stores	32,470	6.8	28,205
TotalEnergies	Oil, Gas and Coal	29,564	6.2	26,125
National Grid	Gas, Water and Multi-utilities	28,807	6.0	17,956
RELX	Media	25,008	5.2	23,846
London Stock Exchange	Finance and Credit Services	22,874	4.8	23,696
AstraZeneca	Pharmaceuticals and Biotechnology	22,179	4.6	32,517
Diageo	Beverages	19,205	4.0	22,711
Chesnara	Life Insurance	15,599	3.3	15,510
NatWest	Banks	15,361	3.3	-
Sage	Software and Computer Services	14,624	3.1	12,769
Ten largest investments		225,691	47.3	
Genus	Pharmaceuticals and Biotechnology	13,180	2.8	6,865
Convatec	Medical Equipment and Services	13,086	2.7	-

Prudential	Life Insurance	13,060	2.7	13,015
Games Workshop	Leisure Goods	12,242	2.6	12,196
Assura	Real Estate Investment Trusts	11,880	2.5	10,061
Intermediate Capital	Investment Banking and Brokerage Services	11,595	2.4	16,018
M&G	Investment Banking and Brokerage Services	11,544	2.4	12,402
Volvo	Industrial Transportation	11,375	2.4	11,466
Sirius Real Estate	Real Estate Investment Trusts	11,334	2.4	11,433
Hiscox	Non-life Insurance	10,555	2.2	10,043
Twenty largest investments		345,542	72.4	
Telecom Plus	Telecommunications Service Providers	10,303	2.2	8,970
Weir Group	Industrial Engineering	10,166	2.1	10,471
Mercedes-Benz	Automobiles & Parts	10,154	2.1	9,893
Edenred	Industrial Support Services	10,136	2.1	10,040
Softcat	Software and Computer Services	9,994	2.1	7,269
Gaztransport & Technigaz	Oil, Gas and Coal	9,913	2.1	-
Genuit	Construction and Materials	9,889	2.1	-
Azelis	Industrial Support Services	9,788	2.1	-
ASML	Technology Hardware and Equipment	9,785	2.0	13,067
Taylor Wimpey	Household Goods and Home Construction	9,607	2.0	15,075
Thirty largest investments		445,277	93.3	
Morgan Sindall	Construction and Materials	9,541	2.0	11,166
Novo-Nordisk	Pharmaceuticals and Biotechnology	9,126	1.9	9,009
Oxford Instruments	Electronic and Electrical Equipment	8,708	1.9	9,228
Total investments		472,652	99.1	
Net current assets[A]		4,535	0.9	
Total assets less current liabilities[A]		477,187	100.0	

[A] Excluding bank loan falling due within one year of £18,907,000 (2024 - £13,307,000).

Sector Analysis

As at 31 January 2025

		FTSE All-Share Index weighting 2025 %	Portfolio weighting 2025 %	Portfolio weighting 2024 %
Energy	Oil, Gas and Coal	9.6	8.3	5.3
		9.6	8.3	5.3
Basic Materials	Chemicals	0.4	-	-
	Industrial Metals and Mining	5.4	-	1.9
	Precious Metals & Mining	0.2	-	-
		6.0	-	1.9
Industrials	Aerospace & Defence	4.1	-	-
	Construction and Materials	0.4	4.1	4.1
	Electronic and Electrical Equipment	1.1	1.8	1.9
	General Industrials	1.4		
	Industrial Engineering	0.6	2.1	2.1
	Industrial Support Services	3.3	4.2	2.1
	Industrial Transportation	1.2	2.4	2.3
		12.1	14.6	12.5
Consumer Discretionary	Automobiles & Parts	0.1	2.1	2.0
	Consumer Services	1.9	-	-
	Household Goods and Home Construction	1.0	2.0	3.1
	Leisure Goods	0.2	2.6	2.5
	Media	4.4	5.2	4.9
	Personal Goods	0.2	-	-
	Retailers	1.5	-	2.9
	Travel & Leisure	2.3	-	-

		11.6	11.9	15.4
Health Care	Medical Equipment and Services	0.5	2.7	-
	Pharmaceuticals and Biotechnology	10.6	9.3	9.9
		11.1	12.0	9.9
Consumer Staples	Beverages	2.4	4.0	4.6
	Food Producers	0.6	-	-
	Personal Care, Drug and Grocery Stores	7.7	6.8	5.8
	Tobacco	3.5	-	-
		14.2	10.8	10.4
Real Estate	Real Estate Investment Trusts	2.3	4.9	4.4
		2.3	4.9	4.4
Utilities	Electricity	0.9	-	2.8
	Gas, Water and Multi-utilities	2.8	6.0	3.7
		3.7	6.0	6.5
Financials	Banks	11.8	3.3	3.6
	Closed End Investments	6.0	-	-
	Finance and Credit Services	2.6	4.8	4.8
	Investment Banking and Brokerage Services	3.5	4.8	5.8
	Life Insurance	2.1	6.0	5.8
	Non-life Insurance	0.9	2.2	2.1
		26.9	21.1	22.1
Technology	Software and Computer Services	1.4	5.2	4.1
	Technology Hardware and Equipment	-	2.1	2.7
		1.4	7.3	6.8
Telecommunications	Telecommunications Service Providers	1.1	2.2	1.8
		1.1	2.2	1.8
Total investments		100.0	99.1	97.0
Net current assets before borrowings[A]		-	0.9	3.0
Total assets less current liabilities[A]			100.0	100.0

[A] Excluding bank loan falling due within one year of £18,907,000 (2024 - £13,307,000).

Directors' Report (extract)

Directors present their report and the audited financial statements for the year ended 31 January 2025.

Results and Dividends

The financial statements for the year ended 31 January 2025 are contained below. First, second and third interim dividends, each of 3.20p per Ordinary share, were paid on 30 August 2024, 29 November 2024 and 28 February 2025 respectively. The Directors recommend a final dividend of 4.60p per Ordinary share, payable on 30 May 2025 to shareholders on the register on 2 May 2025. The ex-dividend date is 1 May 2025. A resolution to approve the final dividend will be proposed at the Annual General Meeting.

Principal Activity and Status

The Company is registered as a public limited company (registered in Scotland No. SC000881) and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has been approved by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 January 2025 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

The Company has conducted its affairs in such a way as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Donations to Charity

The Board has previously decided that amounts of unclaimed dividends greater than 12 years old, which are returned annually to the Company by the Registrar in accordance with the Company Articles of Association, will be donated to charity. Accordingly, the Company made a donation of £20,000 (2024: £19,000) to the abrdn Charitable Foundation, which directs funding to charities around the world.

The abrdn Charitable Foundation is a registered charity. Its board of directors includes independent representation from the Aberdeen Group and provides oversight and guidance for its charitable giving activities.

Capital Structure and Voting Rights

The issued Ordinary share capital at 31 January 2025 consisted of 134,949,033 Ordinary shares of 25p and 18,728,902 Ordinary shares held in treasury.

Each Ordinary share holds one voting right and shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares, excluding treasury shares, carry a right to receive dividends. On a winding up or other return of capital, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

There are no restrictions on the transfer of, or voting rights attaching to, the Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law.

Management Agreement

The Company has appointed abrdn Fund Managers Limited ("aFML"), a wholly owned subsidiary of Aberdeen Group plc, as its alternative investment fund manager. aFML has been appointed to provide investment management, risk management, administration and company secretarial services and promotional activities to the Company. The Company's portfolio is managed by abrdn Investments Limited ("aIL) by way of a group delegation agreement in place between aFML and aIL. In addition, aFML has sub-delegated administrative and secretarial services to abrdn Holdings Limited and promotional activities to aIL. Details of the management fees and fees payable for promotional activities are shown in notes 4 and 5 to the financial statements.

The management agreement is terminable on not less than six months' notice. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

Substantial Interests

Information provided to the Company by major shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules is published by the Company via a Regulatory Information Service.

The table below sets out the interests in 3% or more of the issued share capital of the Company, of which the Board was aware as at 31 January 2025.

Shareholder	Number of shares held	% held
Interactive Investor	33,310,409	24.7
Hargreaves Lansdown	16,767,409	12.4
AJ Bell	6,531,239	4.8
1607 Capital Partners	6,164,502	4.6
EFG Harris Allday	5,868,678	4.3
HSDL Stockbrokers	4,841,838	3.6
WM Thomson	4,747,208	3.5
Charles Stanley	4,582,393	3.4
Canaccord Genuity Wealth Management	4,180,790	3.1

There have been no changes notified to the Company between the year end and the date of approval of this Report.

Directors

Throughout the year, the Board comprised five non-executive Directors, each of whom is considered by the Board to be independent of the Company and the Manager. David Barron is the Chairman and Howard Williams is the Senior Independent Director.

Arun Kumar Sarwal was appointed as an independent non-executive Director on 1 February 2025 and will stand for election at the Annual General Meeting.

Under the terms of the Company's Articles of Association, Directors are subject to election at the first Annual General Meeting after their appointment and are required to retire and be subject to re-election at least every three years thereafter. However, the Board has decided that all Directors will retire annually. Accordingly, Gay Collins, Howard Williams and Christine Montgomery will retire at the Annual General Meeting and, being eligible, offer themselves for re-election. Having served as Directors for nine years, David Barron and Jasper Judd will not seek re-election and will retire from the Board at the conclusion of the Annual General Meeting.

The Board believes that all the Directors seeking election/re-election are independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. The Board believes that each Director has the requisite high level and range of business, investment and financial experience which enables the Board to provide clear and effective leadership and proper governance of the Company. Following formal performance evaluations, each Director's performance continues to be effective and demonstrates commitment to the role, and their individual performances contribute to the long-term sustainable success of the Company. All of the Directors have demonstrated that they have sufficient time and commitment to fulfil their directorial roles with the Company. The Board therefore recommends the election/re-election of each of the Directors at the Annual General Meeting.

The Directors attended scheduled Board and Committee meetings during the year ended 31 January 2025 as follows (with their eligibility to attend the relevant meetings in brackets):

	Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
David Barron	5 (5)	- (-)[A]	1 (1)	1 (1)
Gay Collins	5 (5)	2 (2)	1 (1)	1 (1)
Jasper Judd	5 (5)	2 (2)	1 (1)	1 (1)
Christine Montgomery	5 (5)	2 (2)	1 (1)	1 (1)
Howard Williams	5 (5)	2 (2)	1 (1)	1 (1)

A David Barron is not a member of the Audit Committee but attends by invitation. He attended all Audit Committee meetings during the year.

The Board meets more frequently when business needs require.

Board's Policy on Tenure

In normal circumstances, it is the Board's expectation that Directors will not serve beyond the Annual General Meeting following the ninth anniversary of their appointment. However, the Board takes the view that independence of individual Directors is not necessarily compromised by length of tenure on the Board and that continuity and experience can add significantly to the Board's strength. The Board believes that recommendation for re-election should be on an individual basis following a rigorous review which assesses the contribution made by the Director concerned, but also taking into account the need for managed succession and diversity.

It is the Board's policy that the Chairman of the Board will not serve as a Director beyond the Annual General Meeting following the ninth anniversary of his or her appointment to the Board. However, this may be extended in exceptional circumstances or to facilitate effective succession planning and the development of a diverse Board. In such a situation the reasons for the extension will be fully explained to shareholders and a timetable for the departure of the Chairman clearly set out.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow it to fulfil its obligations. The Board also recognises the benefits, and is supportive of, the principle of diversity in its recruitment of new Board members, including diversity of thought, location and background. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. In view of its size, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment. In doing so, the Board will take account of the targets set out in the FCA's Listing Rules, which are set out below.

The Board has resolved that the Company's year end date is the most appropriate date for disclosure purposes.

Table for reporting on gender as at 31 January 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
Men	3	60%			
Women	2	40% (note 1)	n/a (note 3)	n/a (note 3)	n/a (note 3)
Not specified/prefer not to say	-	-			

Table for reporting on ethnic background as at 31 January 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, Chair and SID)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	100%			
Minority ethnic	-	- (note 2)	n/a (note 3)	n/a (note 3)	n/a (note 3)
Not specified/prefer not to say	-	-			

Notes:

1. Meets target that at least 40% of Directors are women as set out in LR 6.6.6R (9)(a)(i).
2. Does not meet target that at least one Director is from a minority ethnic background as set out in LR 6.6.6R (9)(a)(iii) (see paragraph below).
3. This column is not applicable as the Company is externally managed and does not have any executive staff. Specifically, it does not have either a CEO or CFO. The Company considers that the roles of Chairman of the Board, Senior Independent Director and Chairs of the Audit Committee, Nomination & Remuneration Committee and Management Engagement Committee are senior Board positions and, accordingly, that the Company meets in spirit the requirement that at least one of the senior Board positions is held by a woman as set out in LR 6.6.6R (9)(a)(ii) .

As shown in the above table, as at 31 January 2025 the Company did not meet the target set out in LR 6.6.6R (9)(a)(iii) that at least one Director is from a minority ethnic background. Since the year end, Mr Arun Kumar Sarwal, who identifies as a minority ethnic individual (Asian/Asian British), has been appointed as a Director and this target has now been met.

The Roles of the Chairman and Senior Independent Director

The Chairman is responsible for providing effective leadership of the Board, demonstrating objective judgement and promoting a culture of openness and debate. The Chairman facilitates the effective contribution and encourages active engagement by each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman acts upon the results of the Board evaluation process by recognising strengths and addressing any weaknesses and also ensures that the Board engages with major shareholders and that all Directors understand shareholder views.

The Senior Independent Director acts as a sounding board for the Chairman and acts as an intermediary for other Directors, when necessary. Working closely with the Nomination and Remuneration Committee, the Senior Independent Director takes responsibility for an orderly succession process for the Chairman, and leads the annual appraisal of the Chairman's performance. The Senior Independent Director is also available to shareholders to discuss any concerns they may have.

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company. Each Director is entitled to be indemnified out of the assets of the Company to the extent permitted by law against any loss or liability incurred by him or her in the execution of his or her duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, each Director prepares a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his or her connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although all Directors are issued with letters of appointment. There were no contracts during, or at the end of the year, in which any Director was interested.

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Manager also adopts a group-wide zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Manager's anti-bribery and corruption policies are available on its website.

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: frc.org.uk.

The Board has also considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 (the "AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Code, as well as setting out additional provisions on issues that are of specific relevance to the Company. The AIC Code is available on the AIC's website: theaic.co.uk.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- requirement of the chairman of a remuneration committee to have served on a remuneration committee for at least 12 months prior to appointment (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

These provisions are not repeated in the AIC Code and the Board therefore considers that they are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

Full details of the Company's compliance with AIC Code can be found on its website.

The Board is conscious of the FRC's updates to the UK Corporate Governance Code, and the corresponding updates to the AIC Code, some of which will apply to the Company's financial year beginning on 1 February 2025. It is the Board's intention that the Company will comply with all relevant provisions of the new codes.

Going Concern

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances are considered to be realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with loan covenants. The Directors have considered the fact that Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary. The Directors have also performed stress testing on the portfolio and the loan financial covenants.

Having taken these matters into account, the Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Accountability and Audit

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's Auditor is unaware, and they have taken all the steps that they could reasonably be expected to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Company's Auditor, Deloitte LLP, has indicated its willingness to remain in office. The Board will propose resolutions at the Annual General Meeting to re-appoint Deloitte LLP as Auditor for the ensuing year and to authorise the Directors to determine its remuneration.

Relations with Shareholders

The Directors place a great deal of importance on communications with shareholders. Shareholders and investors may obtain up to date information on the Company through its website.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (including the Company Secretary or the Manager) in situations where direct communication is required, and representatives from the Board and Manager meet with major shareholders on at least an annual basis in order to gauge their views.

abrdn Holdings Limited has been appointed Company Secretary to the Company. Whilst abrdn Holdings Limited is a wholly owned subsidiary of the Aberdeen Group, there is a clear separation of roles between the Manager and Company Secretary with different board compositions and different reporting lines in place. The Company Secretary only acts on behalf of the Board, not the Manager, and there is no filtering of communication.

At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds personally as appropriate.

Directors attend meetings with the Company's largest shareholders and meet other shareholders at the Annual General Meeting and, as explained in the Chairman's Statement, the Company will hold an online shareholder presentation in advance of the Annual General Meeting this year, which will include an interactive question and answer session.

The notice of the Annual General Meeting is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board and Manager at the meeting.

Disclosures in Strategic Report

In accordance with Section 414 C (11) of the Companies Act 2006, the following information otherwise required to be set out in the Directors' Report has been included in the Strategic Report: risk management objectives and policies and likely future developments in the business.

Annual General Meeting

The Annual General Meeting will be held at InterContinental Edinburgh, The George, 19-21 George Street, Edinburgh EH2 2PB.

By order of the Board
abrdn Holdings Limited
Company Secretary
1 George Street
Edinburgh EH2 2LL
14 April 2025

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Statement of Corporate Governance that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, but not for the content of any information included on the website that has been prepared or issued by third parties. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that to the best of their knowledge:

- the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

On behalf of the Board
David Barron
Chairman
14 April 2025

Statement of Comprehensive Income

		Year ended 31 January 2025			Year ended 31 January 2024		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	10	-	16,405	16,405	-	4,712	4,712
Currency profit		-	175	175	-	267	267
Income	3	22,550	-	22,550	22,949	-	22,949
Investment management fee	4	(691)	(1,036)	(1,727)	(696)	(1,044)	(1,740)
Administrative expenses	5	(898)	-	(898)	(1,072)	-	(1,072)
Net return before finance costs and taxation		20,961	15,544	36,505	21,181	3,935	25,116
Finance costs	6	(827)	(1,240)	(2,067)	(757)	(1,116)	(1,873)
Return before taxation		20,134	14,304	34,438	20,424	2,819	23,243
Taxation	7	(510)	-	(510)	(410)	-	(410)
Return after taxation		19,624	14,304	33,928	20,014	2,819	22,833
Return per Ordinary share (pence)	9	13.82	10.08	23.90	13.54	1.91	15.45

The column of this statement headed "Total" represents the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

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

Statement of Financial Position

	Notes	As at 31 January 2025 £'000	As at 31 January 2024 £'000
Non-current assets			
Investments at fair value through profit or loss	10	472,652	474,087
Current assets			
Debtors	11	3,292	2,925
Cash and cash equivalents		2,329	12,868
		5,621	15,793
Creditors: amounts falling due within one year			
Bank loan	12	(18,907)	(13,307)
Other creditors	12	(1,086)	(1,013)
		(19,993)	(14,320)
Net current (liabilities)/assets		(14,372)	1,473
Total assets less current liabilities		458,280	475,560
Creditors: amounts falling due after more than one year	13	(29,752)	(29,745)
Net assets		428,528	445,815
Capital and reserves			
Called-up share capital	14	38,419	38,419
Share premium account		4,908	4,908
Capital redemption reserve		1,606	1,606
Capital reserve		359,775	376,996
Revenue reserve	16	23,820	23,886
Equity shareholders' funds		428,528	445,815
Net asset value per Ordinary share (pence)	17	317.55	304.99

The financial statements were approved and authorised for issue by the Board of Directors on 14 April 2025 and were signed on its behalf by:

David Barron
Director

Company Number: SC000881

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

Statement of Changes in Equity

For the year ended 31 January 2025

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2024		38,419	4,908	1,606	376,996	23,886	445,815
Return after taxation		-	-	-	14,304	19,624	33,928
Repurchase of shares for Treasury		-		-	(31,525)	-	(31,525)
Dividends paid	8	-	-	-	-	(19,690)	(19,690)
Balance at 31 January 2025		38,419	4,908	1,606	359,775	23,820	428,528

For the year ended 31 January 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2023		38,419	4,908	1,606	379,839	23,833	448,605
Return after taxation		-	-	-	2,819	20,014	22,833
Repurchase of shares for Treasury		-		-	(5,662)	-	(5,662)
Dividends paid	8	-	-	-	-	(19,961)	(19,961)

Dividends paid	8					(19,961)	(19,961)
Balance at 31 January 2024		38,419	4,908	1,606	376,996	23,886	445,815

The Revenue reserve and the part of the Capital reserve represented by realised capital gains represent the amount of the Company's reserves distributable by way of dividend.

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

Statement of Cash Flows

	Notes	Year ended 31 January 2025 £'000	Year ended 31 January 2024 £'000
Operating activities			
Net return before finance costs and taxation		36,505	25,116
Adjustment for:			
Gains on investments		(16,405)	(4,712)
Currency gains		(175)	(267)
Decrease in accrued dividend income		116	196
(Increase)/decrease in other debtors excluding tax		(20)	15
(Decrease)/increase in other creditors		(226)	109
Overseas withholding tax		(970)	(1,093)
Net cash flow from operating activities		18,825	19,364
Investing activities			
Purchases of investments		(115,323)	(91,372)
Sales of investments		133,163	100,244
Net cash from investing activities		17,840	8,872
Financing activities			
Interest paid		(2,007)	(1,916)
Dividends paid	8	(19,710)	(19,961)
Buyback of Ordinary shares for treasury		(31,261)	(5,571)
Drawdown of Loan		5,856	-
Net cash used in financing activities		(47,122)	(27,448)
(Decrease)/increase in cash and cash equivalents		(10,457)	788
Analysis of changes in cash and cash equivalents during the year			
Opening balance		12,868	12,267
Effect of exchange rate fluctuations on cash held		(82)	(187)
(Decrease)/increase in cash as above		(10,457)	788
Closing balance		2,329	12,868

The accompanying notes are an integral part of the financial statements. A reconciliation of the changes in net debt can be found in note 18.

Notes to the Financial Statements

For the year ended 31 January 2025

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No. SC000881, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of preparation and going concern. The financial statements have been prepared in accordance with Financial Reporting Standard 102, the requirements of the Companies Act 2006 and with the AIC ("Association of Investment Companies") Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in July 2022. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

The Company's assets consist mainly of equity shares in companies listed on the London Stock Exchange and in most circumstances are considered to be realisable within a short timescale. The Board has set limits for borrowing and derivative contract positions and regularly reviews actual exposures, cash flow projections and compliance with loan covenants. The Directors have considered the fact that Company's investments comprise readily realisable securities which can be sold to meet funding requirements if necessary. The Directors have also performed stress testing on the portfolio and the loan financial covenants.

Having taken these matters into account, the Directors believe that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies which are continually evaluated. The Board considers that there are no accounting judgements, estimates and assumptions which would significantly impact the financial statements.

(b) Revenue, expenses and interest payable. Income from equity investments (other than special dividends), including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to revenue or capital according to the circumstances. Foreign income is converted at the exchange rate applicable at the time of receipt. Interest receivable on short term deposits and expenses are accounted for on an accruals basis. Income from underwriting commission is recognised as earned. Interest payable is calculated on an effective yield basis. Stock lending income is recognised on an accruals basis.

Underwriting commission is taken to revenue, unless any shares underwritten are required to be taken up, in which case the proportionate commission received is deducted from the cost of the investment.

Expenses are charged to capital when they are incurred in connection with the maintenance or enhancement of the value of investments. In this respect, the investment management fee and relevant finance costs, including the amortisation of expenses, are allocated between revenue and capital in line with the Board's expectation of returns from the Company's investments over the long-term of 40% to revenue and 60% to capital.

(c) Investments. Investments have been designated upon initial recognition as fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are recognised at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS stocks sourced from the London Stock Exchange. SETS is the London Stock Exchange electronic trading service covering most of the market including all FTSE All-Share and the most liquid AIM constituents. Gains or losses arising from changes in fair value are included in net profit or loss for the period as a capital item in the Statement of Comprehensive Income.

(d) Dividends payable. Final dividends payable to equity shareholders are recognised in the financial statements when they have been approved by Shareholders and become a liability of the Company. Interim dividends are recognised in the financial statements in the period in which they are paid.

(e) Nature and purpose of reserves

Called-up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.

Share premium account. The balance classified as share premium includes the premium above the nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 25p.

Capital redemption reserve. The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital.

Capital reserve. Gains or losses on the disposal of investments and changes in the fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve. Certain other items including gains or losses on foreign currency and special dividends are also allocated to this reserve as appropriate. The part of this reserve represented by realised capital gains is available for distribution by way of dividend.

The costs of share buybacks to be held in treasury are also deducted from this reserve.

Revenue reserve. Income and expenses which are recognised in the revenue column of the Statement of Comprehensive Income are transferred to the revenue reserve. The revenue reserve is available for distribution by way of dividend.

(f) Taxation. The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Owing to the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Foreign currency. Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the reporting date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included as a currency gain or loss in revenue or capital in the Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature. The Company receives a proportion of its investment income in foreign currency. These amounts are translated at the rate ruling on the date of receipt.

(h) Traded options. The Company may enter into certain derivative contracts (e.g. options). Option contracts are accounted for as separate derivative contracts and are therefore shown in other assets or other liabilities at their fair value. The initial fair value is based on the initial premium, which is recognised upfront. The premium received and fair value changes in the open position which occur due to the movement in underlying securities are recognised in the revenue column, losses realised on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income.

In addition, the Company may enter into derivative contracts to manage market risk and gains or losses arising on such contracts are recorded in the capital column of the Statement of Comprehensive Income.

(i) Borrowings. Borrowings are measured initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 40% to revenue and 60% to capital in the Statement of Comprehensive Income to reflect the Company's investment policy and prospective income and capital growth.

(j) Treasury shares. When the Company purchases the Company's equity share capital to be held as treasury shares, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from the capital reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.

3. Income

	2025 £'000	2024 £'000
Income from investments		
UK dividend income	13,458	14,970
Overseas dividends	6,623	5,843
	20,081	20,813

Other income		
Income on derivatives	2,390	2,060
Interest on tax reclaims	-	3
Deposit Interest	36	73
Other Income	43	-
	2,469	2,136
Total income	22,550	22,949

During the year, the Company earned premiums totalling £2,390,000 (2024 - £2,060,000) in exchange for entering into derivative transactions. The Company had no open positions in derivative contracts at 31 January 2025 (2024 - no open positions). Losses realised on the exercise of derivative transactions are disclosed in note 10.

4. Management fee

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	691	1,036	1,727	696	1,044	1,740

The Company has an agreement with abrdn Fund Managers Limited ("aFML") for the provision of investment management, risk management, accounting, administrative and secretarial services. The management fee is calculated and charged, on a monthly basis, at 0.45% per annum on the first £225 million, 0.35% per annum on the next £200 million and 0.25% per annum on amounts over £425 million of the net assets of the Company, with debt at par and excluding commonly managed funds. The balance due at the year end was £274,000 (2024 - £289,000). The management fee is allocated 40% to revenue and 60% to capital. There were no commonly managed funds held in the portfolio during the year to 31 January 2025 (2024 - none).

The management agreement may be terminated by either party on six months' written notice.

5. Administrative expenses

	2025 £'000	2024 £'000
Directors' fees	170	161
Auditor's remuneration (excluding VAT):		
- fees payable to the Company's Auditor for the audit of the Company's annual accounts	39	34
Irrecoverable VAT	58	64
Promotional activities	200	246
Registrar's fees	53	46
Share plan fees	-	149
Other expenses	378	372
	898	1,072

Expenses of £200,000 (2024 - £246,000) were paid to aFML in respect of the promotional activities of the Company. The balance outstanding at the year end was £17,000 (2024 - £79,000).

6. Finance costs

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loan	343	516	859	263	394	657
Loan Notes - repayable after more than five years	480	720	1,200	479	718	1,197
Amortised Loan Notes issue expenses	3	4	7	3	4	7
Bank overdraft	1	-	1	12	-	12
	827	1,240	2,067	757	1,116	1,873

Finance costs (excluding bank overdraft interest) are allocated 40% to revenue and 60% to capital.

7. Taxation

		2025			2024		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a)	Analysis of charge for the year						
	Overseas tax suffered	2,277	-	2,277	1,203	-	1,203
	Overseas tax reclaimable	(1,767)	-	(1,767)	(793)	-	(793)
	Total tax charge for the year	510	-	510	410	-	410

(b) Factors affecting the tax charge for the year. The UK corporation tax rate is 25% (2024 - 25%). The tax assessed for the year is lower than the rate of corporation tax. The differences are explained below.

	2025			2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Return before taxation	20,134	14,304	34,438	20,424	2,819	23,243
Corporation tax at 25% (2024 - effective rate of 24%)	5,034	3,576	8,610	4,902	677	5,579
Effects of:						-
Non-taxable UK dividend income	(3,342)	-	(3,342)	(3,406)	-	(3,406)
Capital gains on investments not taxable	-	(4,102)	(4,102)	-	(1,123)	(1,123)
Expenses not deductible for tax purposes	-	-	-	1	-	1
Currency gains not taxable	-	(43)	(43)	-	(73)	(73)
Overseas taxes	510	-	510	410	-	410
Non-taxable overseas dividends	(1,493)	-	(1,493)	(1,402)	-	(1,402)
Excess management expenses	(199)	569	370	(95)	519	424
Total tax charge	510	-	510	410	-	410

(c) Factors that may affect future tax charges. At the year end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £137,155,000 (2024 - £135,671,000). A deferred tax asset in respect of this has not been recognised and these unrelieved expenses will only be utilised if the Company has profits chargeable to corporation tax in the future.

8. Ordinary dividends on equity shares

	2025 £'000	2024 £'000
Amounts recognised as distributions paid during the year:		
Third interim dividend for 2024 - 3.20p (2023 - 3.00p)	4,678	4,448
Final dividend for 2024 - 4.15p (2023 - 4.10p)	5,996	6,079
First interim dividend for 2025 - 3.20p (2024 - 3.20p)	4,569	4,744
Second interim dividend for 2025 - 3.20p (2024 - 3.20p)	4,467	4,709
Return of unclaimed dividends[A]	(20)	(19)
	19,690	19,961

[A] Unclaimed dividends returned to the Company during the year ended 31 January 2025 have been donated to charity (see note 22).

A third interim dividend of 3.20p per Ordinary share was declared on 11 December 2024, payable on 28 February 2025 to shareholders on the register on 7 February 2025 and has not been included as a liability in these financial statements. The final dividend of 4.60p per Ordinary share was approved by the Board on 14 April 2025, payable on 30 May 2025 to shareholders on the register on 2 May 2025 and has not been included as a liability in the financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis upon which the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 are considered. The net revenue available for distribution by way of dividend for the year is £19,598,000 (2024 - £20,014,000).

	2025 £'000	2024 £'000
First interim dividend for 2025 - 3.20p (2024 - 3.20p)	4,569	4,744
Second interim dividend for 2025 - 3.20p (2024 - 3.20p)	4,467	4,709
Third interim dividend for 2025 - 3.20p (2024 - 3.20p)	4,309	4,678
Final dividend for 2025 - 4.60p (2024 - 4.15p)	5,971	6,019
	19,316	20,150

The final dividend is based on the latest share capital of 129,801,974 Ordinary shares excluding those held in treasury.

9. Return per Ordinary share

	2025		2024	
	£'000	p	£'000	p
Revenue return	19,624	13.82	20,014	13.54
Capital return	14,304	10.08	2,819	1.91
Total return	33,928	23.90	22,833	15.45

	2025	2024
Weighted average number of Ordinary shares in issue	141,967,627	147,764,075

10. Investments at fair value through profit or loss

	2025 £'000	2024 £'000
Opening book cost	409,443	424,815
Investment holdings gains	64,644	54,080
Opening fair value	474,087	478,895
Analysis of transactions made during the year		
Purchases	115,323	90,723
Sales - proceeds	(133,163)	(100,243)
Gains on investments	16,405	4,712
Closing fair value	472,652	474,087
Closing book cost	397,456	409,443
Closing investment holdings gains	75,196	64,644
Closing fair value	472,652	474,087

The Company received £133,163,000 (2024 - £100,243,000) from investments sold in the year. The book cost of these investments when they were purchased was £127,311,000 (2024 - £105,411,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The realised gains figure above includes losses realised on the exercise of traded options of £563,000 (2024 - £1,251,000). Premiums received of £2,390,000 (2024 - £2,060,000) are included within income per note 3.

Transaction costs. During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within gains/(losses) on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2025 £'000	2024 £'000
Purchases	463	333
Sales	82	55
	545	388

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

11. Debtors: amounts falling due within one year

	2025 £'000	2024 £'000
Net dividends and interest receivable	454	568
Tax recoverable	2,799	2,340
Other loans and receivables	39	17
	3,292	2,925

12. Creditors: amounts falling due within one year

(a) Bank loan	2025 £'000	2024 £'000
EUR 15,600,000 - 11 February 2024	-	13,307
EUR 22,600,000 - 13 February 2025	18,907	-
	18,907	13,307

The Company has a £30 million multi-currency revolving credit facility ("RCF") with The Bank of America N.A., London Branch committed until 8 August 2027. Under the terms of the facility, subject to the lender's credit approval, the Company has the option to increase the level of the facility from £30 million to £40 million at any time, should further investment opportunities be identified. The RCF is secured by a floating charge over the whole of the assets of the Company. As at 31 January 2025 €22,600,000 had been drawn down at a rate of 3.93% (2024 - €15,600,000 at a rate of 5.13%), which matured on 13 February 2025. At the date this Report was approved €22,600,000 had been drawn down at a rate of 3.50%, maturing on 14 April 2025. The terms of the loan facility contain covenants that total net borrowings shall not exceed 33% of the net asset value and that the minimum net assets of the Company are £200 million.

(b) Other creditors	2025 £'000	2024 £'000
Loan Notes and bank loan interest	220	209
Amount due to brokers	368	92
Sundry creditors	498	712
	1,086	1,013

13. Creditors: amounts falling due after more than one year

	2025 £'000	2024 £'000
3.99% Loan Notes 2045	30,000	30,000
Unamortised Loan Note issue expenses	(248)	(255)
	29,752	29,745

The 3.99% Loan Notes were issued in December 2015 and are due to be redeemed at par on 8 December 2045. Interest is payable in half-yearly instalments in June and December. The Loan Notes are secured by a floating charge over the whole of the assets of the Company. The Company has complied with the Loan Note Trust Deed covenant that total net borrowings (ie. after the deduction of cash balances) should not exceed 33% of the Company's net asset value and that the Company's net asset value should not be less than £200 million.

The fair value of the Loan Notes as at 31 January 2025 was £23,114,000 (2024 - £23,916,000), the valuation methodology is disclosed in note 19. The effect on the net asset value of deducting the Loan Notes at fair value rather than at par is disclosed in note 17.

14. Called-up share capital

	2025 £'000	2024 £'000
Allotted, called up and fully paid:		
134,949,033 (2024 - 146,172,889) Ordinary shares of 25p each - equity	33,737	36,543
Treasury shares:		
18,728,902 (2024 - 7,505,046) Ordinary shares of 25p each - equity	4,682	1,876
	38,419	38,419

The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve.

During the year the Company repurchased 11,223,856 (2024 - 2,091,781) ordinary shares at a cost of £31,525,000, including expenses (2024 - £5,662,000, including expenses). All of the shares were placed in treasury. Subsequent to the year end the company repurchased a further 5,147,059 Ordinary shares at a total cost of £14,673,000.

15. Analysis of changes in financing during the year

	2025		2024	
	Equity share capital (including premium) £'000	Loan Notes £'000	Equity share capital (including premium) £'000	Loan Notes £'000
Opening balance at 31 January 2024	43,327	29,745	43,327	29,738
Movement in unamortised Loan Notes issue expenses	-	7	-	7
Closing balance at 31 January 2025	43,327	29,752	43,327	29,745

16. Revenue reserve per share

The following information is presented supplemental to the financial statements to show the Companies Act position at the year end.

		2025	2024
Revenue reserve (£'000)		23,820	23,886
Number of Ordinary shares in issue at year end		134,949,033	146,172,889
Revenue reserve per Ordinary share (p)		17.65	16.34
Less:	- third interim dividend (p)	(3.20)	(3.20)
	- final dividend (p)	(4.60)	(4.15)
Revenue reserve per Ordinary share (p) as per the Companies Act		9.85	8.99

17. Net asset value per share

Equity shareholders' funds have been calculated in accordance with the provisions of FRS 102. The analysis of equity shareholders' funds on the face of the Statement of Financial Position does not reflect the rights under the Articles of Association of the Ordinary shareholders on a return of assets. These rights are reflected in the net asset value and the net asset value per share attributable to Ordinary shareholders at the year end, adjusted to reflect the deduction of the Loan Notes at par. A reconciliation between the two sets of figures is as follows:

	2025	2024
Net assets attributable (£'000)	428,528	445,815
Number of Ordinary shares in issue at year end[A]	134,949,033	146,172,889
Net asset value per Ordinary share	317.55p	304.99p

[A] Excluding shares held in treasury.

Adjusted net assets	2025	2024
Net assets attributable (£'000) as above	428,528	445,815
Unamortised Loan Note issue expenses (note 13)	(248)	(255)
Adjusted net assets attributable (£'000)	428,280	445,560
Number of Ordinary shares in issue at year end[A]	134,949,033	146,172,889
Adjusted net asset value per Ordinary share	317.36p	304.82p

[A] Excluding shares held in treasury.

Net assets - debt at fair value	£'000	£'000
Net assets attributable	428,528	445,815
Amortised cost Loan Notes	29,752	29,745
Market value Loan Notes	(23,114)	(23,916)
Net assets attributable	435,166	451,644
Number of Ordinary shares in issue at the period end[A]	134,949,033	146,172,889
Net asset value per Ordinary share (debt at fair value)	322.47p	308.98p

[A] Excluding shares held in treasury.

18. Analysis of changes in net debt

18. Analysis of changes in net debt

	At 31 January 2024 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2025 £'000
Cash and cash equivalents	12,868	(82)	(10,457)	-	2,329
Debt due within one year	(13,307)	256	(5,856)	-	(18,907)
Debt due after more than one year	(29,745)	-	-	(7)	(29,752)
	(30,184)	174	(16,313)	(7)	(46,330)

	At 31 January 2023 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 January 2024 £'000
Cash and cash equivalents	12,267	(187)	788	-	12,868
Debt due within one year	(13,762)	455	-	-	(13,307)
Debt due after more than one year	(29,738)	-	-	(7)	(29,745)
	(31,233)	268	788	(7)	(30,184)

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

19. Financial instruments and risk management

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash balances, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of option contracts for the purpose of generating income and futures/options for hedging market exposures.

During the year, the Company entered into certain options contracts for the purpose of generating income. Positions closed during the year realised a loss of £563,000 (2024 - £1,251,000). As disclosed in note 3, the premium received and fair value changes in respect of options written in the year was £2,390,000 (2024 - £2,060,000). The largest position in derivative contracts held during the year at any given time was £1,028,000 (2024 - £905,000). The Company had no open positions in derivative contracts at 31 January 2025 (2024 - none).

The Board relies on abrdn Fund Managers Limited ("aFML" or the "Manager") for the provision of risk management activities under the terms of its management agreement with aFML (further details of which are included under note 4). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors on the grounds that they are not considered to be material.

The Company's Manager has an independent Investment Risk department for reviewing the investment risk parameters of all core equity, fixed income and alternative asset classes on a regular basis. The department reports to the Manager's Performance Review Committee which is chaired by the Manager's Chief Investment Officer. The department's responsibility is to review and monitor ex-ante (predicted) portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Risk management framework. The directors of aFML collectively assume responsibility for aFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

aFML is a fully integrated member of the Aberdeen Group (the "Group") which provides a variety of services and support to aFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. aFML has delegated the day to day administration of the investment policy to abrdn Investments Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). aFML has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Chief Risk Officer, who reports to the Chief Executive Officers of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's Chief Executive Officers and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of Aberdeen, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk Management. The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, currency risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Group's policies for managing these risks are summarised below and have been applied throughout the year. The numerical disclosures exclude short-term debtors and creditors, other than for currency disclosures.

(i) Market risk. Market risk comprises three elements - interest rate risk, currency risk and price risk.

(a) Interest rate risk. Interest rate movements may affect:

- the fair value of the investments in fixed interest rate securities;
- the level of income receivable on cash deposits; and
- interest payable on the Company's variable rate borrowings.

Management of the risk. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise fixed rate, revolving, and uncommitted facilities. Details of borrowings at 31 January 2025 are shown in notes 12 and 13.

Interest risk profile. The interest rate risk profile of the portfolio of financial assets and liabilities at the Statement of Financial Position date was as follows:

At 31 January 2025	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	-	-	-	2,329
Total assets	-	-	-	2,329
Liabilities				
Bank loans	0.08	3.93	(18,907)	-
Loan Notes	20.87	3.99	(29,752)	-
Total liabilities	-	-	(48,659)	-

At 31 January 2024	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	-	-	-	12,868
Total assets	-	-	-	12,868
Liabilities				
Bank loans	0.08	5.13	(13,307)	-
Loan Notes	21.87	3.99	(29,745)	-
Total liabilities	-	-	(43,052)	-

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on bank loans is based on the interest rate payable, weighted by the total value of the loans. The maturity dates of the Company's borrowings are shown in notes 12 and 13 to the financial statements.

The floating rate assets consist of cash deposits all earning interest at prevailing market rates.

The Company's equity portfolio and short-term debtors and creditors (excluding bank loans) have been excluded from the above tables. All financial liabilities are measured at amortised cost.

Interest rate sensitivity. Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit.

(b) Foreign currency risk. A proportion of the Company's investment portfolio is invested in overseas securities whose values are subject to fluctuation due to changes in exchange rates. In addition, the impact of changes in foreign exchange rates upon the profits of investee companies can result, indirectly, in changes in their valuations. Consequently the Statement of Financial Position can be affected by movements in exchange rates.

Management of the risk. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. A proportion of the Company's borrowings, as detailed in note 12, is in foreign currency as at 31 January 2025. The revenue account is subject to currency fluctuations arising on detailed in note 12, is in foreign currency as at 31 January 2025. The revenue account is subject to currency fluctuations arising on dividends received in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 January 2025			31 January 2024		
	Investments £'000	Net monetary assets £'000	Total currency exposure £'000	Investments £'000	Net monetary assets £'000	Total currency exposure £'000
Euro	90,674	(16,222)	74,452	57,491	(11,208)	46,283
Swiss Francs	-	-	-	-	96	96
Danish Krone	9,126	72	9,198	9,009	109	9,118
Norwegian Krone	-	11	11	13,067	11	13,078
Swedish Krona	11,375	-	11,375	22,478	-	22,478
Sterling	361,477	(27,985)	333,492	372,042	(17,280)	354,762
Total	472,652	(44,124)	428,528	474,087	(28,272)	445,815

The asset allocation between specific markets can vary from time to time based on the Manager's opinion of the attractiveness of the individual stocks in these markets.

Foreign currency sensitivity. There is no sensitivity analysis included as the Board believes the amount exposed to foreign currency denominated monetary assets to be immaterial. Where the Company's equity investments (which are non-monetary items) are priced in a foreign currency, they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

(c) Price risk. Price risks (i.e. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments and traded options.

Management of the risk. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular company or sector. Both the allocation of assets and the stock selection process act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges in the UK and Europe.

Price risk sensitivity. If market prices at the Statement of Financial Position date had been 10% higher while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2025 would have increased by £47,265,000 (2024 - increase of £47,409,000) and equity reserves would have increased by the same amount. Had market prices been 10% lower the converse would apply.

(ii) Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due in line with the maturity profile analysed below.

At 31 January 2025	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	18,907	-	-	-	-	-	18,907
Loan Notes	-	-	-	-	-	30,000	30,000
Interest cash flows on bank loans and loan notes	1,259	1,197	1,197	1,197	1,197	19,152	25,199
Cash flows on other creditors	866	-	-	-	-	-	866
	21,032	1,197	1,197	1,197	1,197	49,152	74,972

At 31 January 2024	Within 1 year £'000	Within 1-2 years £'000	Within 2-3 years £'000	Within 3-4 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Bank loans	13,307	-	-	-	-	-	13,307
Loan Notes	-	-	-	-	-	30,000	30,000
Interest cash flows on bank loans and loan notes	1,254	1,197	1,197	1,197	1,197	20,349	26,391
Cash flows on other creditors	804	-	-	-	-	-	804
	15,365	1,197	1,197	1,197	1,197	50,349	70,502

Management of the risk. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Borrowings comprise Loan Notes and a revolving facility. The Loan Notes provide secure long-term funding while short term flexibility is achieved through the borrowing facility. It is the Board's policy to maintain a gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of less than 30% at all times. Details of borrowings at 31 January 2025 are shown in notes 12 and 13.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and listed securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of loan and overdraft facilities, details of which can be found in note 12. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the interest rate risk section of this note.

Liquidity risk exposure. At 31 January 2025 and 31 January 2024 the amortised cost of the Company's Loan Notes was £29,752,000 and £29,745,000 respectively. At 31 January 2025 and 31 January 2024 the Company's bank loans amounted to £18,907,000 and £13,307,000 respectively. The facility is committed until 8 August 2027.

(iii) Credit risk. This is failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Management of the risk. Investment transactions are carried out with a large number of brokers, whose credit standing is reviewed periodically by the Manager, and limits are set on the amount that may be due from any one broker;

- the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the Custodians' records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Group's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Aberdeen Group's Risk Management Committee. This review will also include checks on the maintenance and security of investments held;
- cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

There are internal exposure limits to cash balances placed with counterparties. The credit worthiness of counterparties is also reviewed on a regular basis.

None of the Company's financial assets are secured by collateral or other credit enhancements.

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 31 January was as follows:

	2025		2024	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments at fair value through profit or loss	472,652	-	474,087	-
Current assets				
Cash and short term deposits	2,329	2,329	12,868	12,868
	474,981	2,329	486,955	12,868

None of the Company's financial assets is past due or impaired.

Fair values of financial assets and financial liabilities. The fair value of borrowings has been calculated at £42,021,000 as at 31 January 2025 (2024 - £37,223,000) compared to an accounts value in the financial statements of £48,659,000 (2024 - £43,052,000) (notes 12 and 13). The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. All other assets and liabilities of the Company are included in the Statement of Financial Position at fair value.

20. Fair value hierarchy

FRS 102 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 classifications:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 31 January 2025	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	472,652	-	-	472,652
Total		472,652	-	-	472,652

	Level 1	Level 2	Level 3	Total

As at 31 January 2024		£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	474,087	-	-	474,087
Total		474,087	-	-	474,087

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

21. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that the Company will be able to continue as a going concern; and
- to maximise the return to its equity shareholders through an appropriate balance of equity capital and debt.

The capital of the Company consists of equity, comprising issued capital, reserves and retained earnings.

The Board monitors and reviews the broad structure of the Company's capital. This review includes the nature and planned level of gearing, which takes account of the Manager's views on future expected returns and the extent to which revenue in excess of that which is required to be distributed should be retained. The Company is not subject to any externally imposed capital requirements.

22. Related party transactions and transactions with the Manager

Directors' fees and interests. Fees payable during the year to the Directors and their interests in the shares of the Company are disclosed within the Directors' Remuneration Report.

Transactions with the Manager. The Company has an agreement with the Aberdeen Group for the provision of management, secretarial, accounting and administration services and also for the provision of promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in notes 4 and 5.

During the year, the Company received £20,000 in respect of returned, unclaimed dividends accumulated over a number of years. The Board took the decision to donate these monies to the abrdn Charitable Foundation. The abrdn Charitable Foundation is a registered charity. Its board of directors includes independent representation from the Aberdeen Group and provides oversight and guidance for its charitable giving activities.

23. Subsequent events

Subsequent to the year end, the Company's NAV has decreased in common with falls in equity markets globally. At the date of this Report the latest published NAV per share was 290.21p as at the close of business on 11 April 2025, a decline of 8.6% compared to the NAV per share of 317.55p at the year end.

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 FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Dividend cover

Dividend cover measures the revenue return per share divided by total dividends per share, expressed as a ratio.

		2025	2024
Revenue return per share	a	13.80p	13.54p
Dividends per share	b	14.20p	13.75p
Dividend cover	a/b	0.97	0.98

Net gearing

Net gearing measures total borrowings less cash and cash equivalents divided by shareholders' funds, expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to and from brokers at the period end as well as cash and short term deposits.

		2025	2024
Borrowings (£'000)	a	48,659	43,052
Cash (£'000)	b	2,329	12,868
Amounts due to brokers (£'000)	c	368	92
Amounts due from brokers (£'000)	d	-	-
Shareholders' funds (£'000)	e	428,528	445,815

Net gearing	(a-b+c-d)/e	10.90%	6.79%

Discount to net asset value per share with debt at fair value

The discount is the amount by which the share price is lower than the net asset value per share with debt at fair value, expressed as a percentage of the net asset value with debt at fair value.

		2025	2024
NAV per Ordinary share (p) (see note 17)	a	322.47p	308.98p
Share price (p)	b	285.00p	276.00p
Discount	(a-b)/b	11.62%	10.67%

Ongoing charges

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 less non-recurring charges, expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2025	2024
Investment management fees (£'000)	1,727	1,740
Administrative expenses (£'000)	898	1,073
Less: non-recurring charges (£'000)	(104)	(17)
Ongoing charges (£'000)	2,521	2,796
Average net assets (£'000)	446,732	448,512
Ongoing charges ratio (excluding look-through costs)	0.56%	0.62%
Look-through costs[A]	-	0.02%
Ongoing charges ratio (including look-through costs)	0.56%	0.64%

[A] 2024 is calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

Total return

NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored against open-ended and closed-ended competitors, and the Reference Index, respectively.

Year ended 31 January 2025		NAV	Share Price
Opening at 1 February 2024	a	309.0p	276.0p
Closing at 31 January 2025	b	322.5p	285.0p
Price movements	c=(b/a)-1	4.4%	3.3%
Dividend reinvestment[A]	d	4.6%	5.1%
Total return	c+d	+9.0%	+8.4%

Year ended 31 January 2024		NAV	Share Price
Opening at 1 February 2023	a	302.8p	294.0p
Closing at 31 January 2024	b	309.0p	276.0p
Price movements	c=(b/a)-1	2.0%	-6.1%
Dividend reinvestment[A]	d	4.7%	4.5%
Total return	c+d	+6.7%	-1.60%

[A] NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

Additional Notes to Annual Financial Report

The Annual General Meeting will be held at InterContinental Edinburgh The George, 19-21 George Street, Edinburgh EH2 2PB at 12 noon on Thursday 22 May 2025.

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 January 2025 are an abridged version of the Company's full accounts, which have been approved and audited with an unqualified report. The 2024 and 2025 statutory accounts received unqualified reports from the Company's Auditor and did not include any reference to matters to which the Auditor drew attention by way of emphasis without qualifying the reports, and did not contain a statement under S498 of the Companies Act 2006. The financial information for 2024 is derived from the statutory accounts for the year ended 31 January 2024 which have been delivered to the Registrar of Companies. The accounts for the year ended 31 January 2025 will be filed with the Registrar of Companies in due course.

The Annual Report and Accounts will be posted to shareholders and copies will be available from the registered office of the

Company and on the Company's website, www.dunedinincomegrowth.co.uk.*

Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise. Investors may not get back the amount they originally invested.

By order of the Board

abrdn Holdings Limited

Company Secretary

14 April 2025

** Neither the Company's website nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is (or is deemed to be) incorporated into, or forms (or is deemed to form) part of this announcement.*