The North American Income Trust plc

Annual Report 31 January 2024

Seeking resilient growth and rising income from North American equities

northamericanincome.co.uk

Comcast is one of the Company's Top Ten holdings. It is a global media and technology company, providing connectivity and platforms, content and experiences that reach hundreds of millions of customers, viewers, and guests worldwide.

"The Board has declared a fourth interim dividend of 3.9 pence per share, resulting in total dividends for the year ended 31 January 2024 of 11.7 pence per share (2023 – 11.0p) and representing annual growth of 6.4%."

Dame Susan Rice, Chair

"The Company's holdings continued to build upon an established track record of dividend growth during the review period, with several companies announcing double-digit increases."

Fran Radano, abrdn Inc.

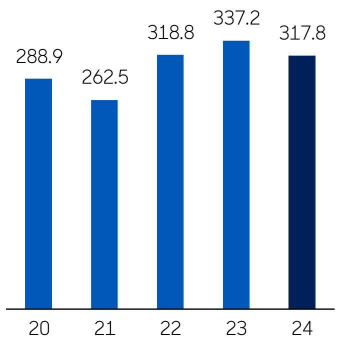
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in The North American Income Trust plc, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Performance Highlights

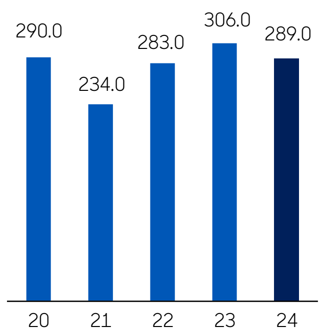
Net asset value total return[AB]	-1.6%	2023: +9.6%
Share price total return[AB]	-0.9%	2023: +12.4%
Revenue return per share	12.0p	2023: 12.2p
Dividends per share	11.7p	2023: 11.0p
Net asset value per Ordinary share	317.8p	2023: 337.2p
Total assets[C]	£475.7m	2023: £513.4m
Dividend yield[AD]	4.0%	2023: 3.60%
Ongoing charges[A]	0.99%	2023: 0.93%

[A] Considered to be an Alternative Performance Measure. See pages 87 to 89 for more information.
[B] Includes dividends reinvested.
[C] As defined on page 101.
[D] Calculated as the dividend for the year divided by the year end share price.

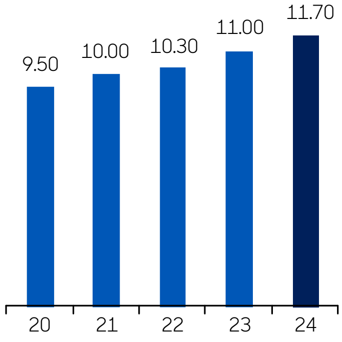
Net asset value per share
At 31 January – pence



Mid-market price per share
At 31 January – pence



Dividends per share
Year ended 31 January – pence



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"Our history of annual dividend increases since 2011 means that we are included in the Association of Investment Companies 'Next Generation Dividend Heroes' listing and we hope that this progression continues."

Dame Susan Rice, Chair

Financial Calendar, Dividends and Highlights

Annual General Meeting (Edinburgh)	**21 June 2024**
Half year end	**31 July 2024**
Payment dates of quarterly dividends for financial year ending 31 January 2025	**August 2024** **October 2024** **January 2025** **May 2025**
Financial year end	**31 January 2025**

Dividends

	Rate	xd date	Record date	Payment date
1st Interim dividend 2024	**2.60p**	**20 July 2023**	**21 July 2023**	**4 August 2023**
2nd Interim dividend 2024	**2.60p**	**12 October 2023**	**13 October 2023**	**27 October 2023**
3rd Interim dividend 2024	**2.60p**	**28 December 2023**	**29 December 2023**	**19 January 2024**
4th interim dividend 2024	**3.90p**	**11 April 2024**	**12 April 2024**	**3 May 2024**
Total dividends 2024	**11.70p**			
1st Interim dividend 2023	2.50p	21 July 2022	22 July 2022	5 August 2022
2nd Interim dividend 2023	2.50p	6 October 2022	7 October 2022	28 October 2022
3rd Interim dividend 2023	2.50p	2 February 2023	3 February 2023	24 February 2023
Final dividend 2023	3.50p	4 May 2023	5 May 2023	12 June 2023
Total dividends 2023	11.00p			

Highlights

	31 January 2024	31 January 2023	% change
Total assets (as defined on page 101)	**£475.7m**	£513.4m	–7.3
Equity shareholders' funds	**£436.5m**	£472.9m	–7.7
Share price (mid market)	**289.00p**	306.00p	–5.6
Net asset value per Ordinary share	**317.78p**	337.21p	–5.8
Discount (difference between share price and net asset value)[AB]	**(9.1%)**	(9.3%)	
Net gearing [A]	**(4.1%)**	(2.9%)	
Dividends and earnings			
Revenue return per share	**11.95p**	12.21p	–2.1
Dividends per share	**11.70p**	11.00p	+6.4
Dividend yield (based on year end share price)[A]	**4.0%**	3.6%	
Dividend cover[A]	**1.02**	1.11	
Revenue reserves per share			
Prior to payment of fourth interim dividend	**16.06**	N/A	
After payment of fourth interim dividend	**12.16**	N/A	
Prior to payment of third interim and final dividends	**N/A**	17.57p	
After payment of third interim and final dividends	**N/A**	11.57p	
Operating costs			
Ongoing charges[A]	**0.99%**	0.93%	

[A] Considered to be an Alternative Performance Measure. See pages 87 and 88 for further information.
[B] Including undistributed revenue.

Strategic Report

The North American Income Trust plc (the "Company") was launched in 1902.

The objective of the Company is to provide investors with above average dividend income and long-term capital growth through active management of a portfolio consisting predominantly of S&P 500 US equities.

CVS Health is an American healthcare company that owns several healthcare brands and is one of the Company's Ten Largest Investments.

Chair's Statement

Market Review

Macroeconomic uncertainty prevailed during the Company's financial year to 31 January 2024. Investors were particularly focused on monetary policy developments, geopolitical tensions and the uncertainty surrounding the possibility of either a recession or a soft landing for the US economy.

Against this backdrop, the Company's net asset value (NAV) total return per share (which includes dividends reinvested) decreased by 1.6% in sterling terms compared to a 2.6% rise in the total return of the Company's primary reference index, the Russell 1000 Value Index, in sterling terms. The Company's share price total return fell by 0.9% as the Company's discount to NAV narrowed marginally to 9.1% from 9.3% at the previous year end.

The investment trust sector, in general, experienced a widening of discounts over much of 2023, exacerbated by global uncertainty and higher interest rates available for cash which in turn led to increased activity in the sector in an effort to realise shareholder value. The Company uses its shareholder authority to buyback its own shares seeking to limit discount volatility and also provide liquidity in the Company's shares while signalling our confidence in the intrinsic value of the Company's portfolio.

Even with the volatility witnessed in financial markets, US equities recorded gains over the year, with growth stocks significantly outperforming value stocks. The Investment Manager's Review goes into further detail on performance.

The US Federal Reserve (the "Fed") continued with its monetary tightening measures in the first half of the financial year, with the central bank increasing the target range for the federal funds rate to 5.25%-5.50%, a level unseen in over two decades. In the latter half of the financial year, the Fed maintained interest rates and the messaging turned more dovish as price pressures reduced, fuelling expectations of monetary easing. However, annual core inflation remained above the Fed's 2% target, while conflicts in the Middle East and Ukraine increased the risk of an uptick in inflation and, at the end of 2023, the Fed signalled that it would proceed cautiously.

On a positive note, the US economy remained strong and avoided the widely anticipated recession after the Fed's prolonged period of monetary tightening, as well as the banking sector failures that occurred earlier in 2023. The US government reached an agreement in June 2023 to suspend its debt ceiling, thereby avoiding a government shutdown, which helped markets. As the financial year progressed, investors embraced the likelihood of a soft landing for the economy, as opposed to a recession. Nevertheless, as I allude to in the Outlook section, the Board and Manager are well aware that macroeconomic uncertainty continues, especially with the ongoing conflicts in the Middle East and Ukraine and the upcoming US election.

Performance

The Company's portfolio underperformed its reference benchmark in sterling terms over the year to 31 January 2024. Stock selection, mainly in the materials sector, weighed on performance relative to the Russell 1000 Value Index, the primary reference index. Sector allocation, especially in the industrials sector, was also negative.

For more details on performance, refer to the Investment Manager's review on page 23.

The Board monitors portfolio performance regularly and receives quarterly reports from the Manager on portfolio changes and the decisions behind them.

Revenue Account

The Company's equity portfolio generated £17.1 million in revenue during the financial year, close to the £17.8 million in the previous year. Options continue to be part of the portfolio and represented 17.2% of the Company's total gross income, whilst corporate bonds accounted for only 2.6%. The Company's revenue return per ordinary share dipped marginally to 12.0 pence compared to last year's 12.2 pence.

Dividend

The Board remains committed to the Company's progressive dividend policy and extending the track record of thirteen consecutive years of dividend growth. The Board declared, on 28 March 2024, a fourth interim dividend of 3.9 pence per share, resulting in total dividends for the year ended 31 January 2024 of 11.7 pence per share (2023 - 11.0p) and representing annual growth of 6.4%. The fourth interim dividend will be paid on 3 May 2024 to shareholders on the register on 12 April 2024 (ex-dividend date: 11 April 2024).

In reaching its decision on dividends, the Board always balances the wish to increase the amount distributed to shareholders with the recognition that currency can have a variable impact on earnings per share. The Investment Manager's continued efforts to build the revenue reserve, which stands at over one year's cover, gives comfort that at times of stress the Company can dip into this reserve to maintain the dividend.

Management of Premium and Discount

The Company's share price ended the year at 289.0 pence, a 9.1% discount to the total NAV of 317.8 pence. This compares to a 9.3% discount at the end of the 2023 financial year. The Board continues to work with the Manager in both promoting the Company's benefits to a wider audience and providing liquidity to the market through the use of share buybacks. Over the course of the year, the Company's shares mainly traded at discounts ranging between 9.0% and 15.0%.

During the year, 2,882,402 shares were bought back and cancelled at an average price of 275 pence and an average discount of 11.5%. The total cost was £8.0 million. Since 31 January 2024, the Company has bought back an additional 1,187,253 Ordinary shares at a cost of £3.3m.

Gearing

The Board believes that the sensible use of gearing should enhance returns to our shareholders over the longer term. The Company benefits from its long-term financing agreements totalling US$50 million with MetLife which comprise two loans of US$25 million with terms of 10 and 15 years. These are fixed at 2.7% and 3.0% per annum expiring in December 2030 and 2035 respectively. Net gearing at 31 January 2024 stood at 4.1% (2023: 2.9%).

Promotional Activity

During the last year we have continued to work with our Manager to strengthen and modernise our marketing efforts. We aim to keep all shareholders informed and updated on their investment, particularly during periods of volatility. Updates include commentary, articles and videos allowing investors to hear directly from the Investment Manager on a regular basis – to understand both the outlook and the decisions being made within the portfolio itself. All of this communication can be found on the Company's website, **northamericanincome.co.uk**, and helps to inform shareholders' investment decisions to ensure they remain aligned with their individual needs.

You can also follow 'abrdn Investment Trusts' on LinkedIn and X (previously Twitter) or register for email updates here: **northamericanincome.co.uk/signup**

The Board also notes the announcement by abrdn plc, in December 2023, that it had commenced a programme whereby it would purchase shares in the Company equivalent to six months' management fees; as at the date of approval of this report, 254,476 shares had been purchased by the Manager at an aggregate cost of £727,000.

Environmental, Social and Governance ("ESG") Matters

The Investment Manager continues to engage regularly with the portfolio's holdings to understand their processes, prospects and reports, including on matters related to environmental, social and governance issues. More information regarding the Manager's approach to ESG integration in Equities can be found on pages 93 to 96.

Chair's Statement

Continued

Board Activity

In May 2023, the Board was pleased to travel to North America and meet with the Investment Manager and local experts, including analysts, senior management and economists. Directors also met with one of the investee companies which provided a deeper level of engagement than can be attained in the board room. The benefit of these face-to-face meetings is evident in the follow-up afterwards. Since our visit, the Board has focused in particular on performance attribution reporting and the Board keeps under review the most appropriate reference index against which to measure the performance of the Company. We also continue to receive updates on people change within the wider abrdn investment team and developments in these areas are being monitored with interest.

Also, during the year, Directors took the opportunity to meet with investors to gain a deeper understanding of their interests in the Company and address questions on a more informal basis. As usual, we encourage all shareholders to contact the Board with any queries using the contact details on page 109 of this report.

In the Interim Report, I announced my intention to retire as a Director of the Company at the conclusion of the forthcoming Annual General Meeting ("AGM"), having served for nine years. Since then, the Board has been reviewing its succession planning, and undertook a thorough process to appoint the next Chair. This involved the appointment of a committee to consider the skills required for the role and whether the Board had any suitable internal candidates or whether an external search was required in this instance. Charles Park put himself forward as an internal candidate and the committee, excluding Charles Park, considered his suitability for the role as Chair. Charles Park has been a strong contributor since he joined the Board in 2017 and has significant business experience and understanding of the Company that make him a preferred candidate for the role. The committee therefore unanimously recommended the appointment of Charles Park as the Chair, with effect from the conclusion of the AGM on 21 June 2024. We are delighted that he has agreed to accept the role. Patrick Edwardson has agreed to step up to become the Senior Independent Director with effect from the same date.

In view of these changes in the Board composition, the Board plans to conduct an external process to appoint a new independent Non-Executive Director. The intention is that the successful candidate will be appointed later this year and an announcement will be made to the London stock exchange in due course.

As usual, towards the end of the year, the Board undertook its board evaluation. Whilst the Board does not currently consider it appropriate to utilise an external agent for this process, due to the current size and composition of the Board, the approach is kept under review. The results of the board evaluation are outlined in the Statement of Corporate Governance on page 45.

Outlook

At the time of writing, investors expect the Fed to end its rate-hiking cycle and begin monetary easing in 2024. This is despite the Fed's somewhat conservative tone as its favoured measure of annual inflation, the core Personal Consumption Expenditures Price Index, remained above 2%. Additionally, conflict in the Middle East has increased the risk of a resurgence in inflation, due to possible oil-supply disruptions and rising shipping costs.

While a robust US economy helped the country to avoid a recession in 2023, the risk has not completely gone. The Board and Investment Manager believe that a mild recession or soft landing remain in the balance. Meanwhile, the upcoming US election may add to market volatility, as investors remain focused on potential changes to government policies. Added to this, geopolitical issues elsewhere in the world could affect the global economy and financial markets in general.

It is pleasing therefore to note that the Investment Manager has designed the Company's portfolio to include financially robust companies with strong income-generating potential and sound governance practices. The investment team continues to review the portfolio and seek opportunities to ensure its ability to withstand any volatility surrounding the forthcoming US Presidential election, as well as a possible economic downturn, as it seeks to protect against downside risks. The Company has made progressive annual dividend payments for thirteen consecutive years, including the period through the Covid-19 pandemic. The Board continues to remain positive on the strategy's ability to face turbulent times together with the sustainability of the Company's income and the comfort of the revenue reserve which has been built up to the equivalent of over one year's full dividend.

Annual General Meeting ("AGM") and Online Shareholder Presentation

AGM & Continuation Vote

The Company's AGM will be held at 12.00 Noon on 21 June 2024, at the Manager's offices at 1 George Street, Edinburgh, EH2 2LL and, as ever, the Board would welcome your attendance.

The Company is required to hold a continuation vote every three years and the next one is at the forthcoming AGM. The Directors will be voting in favour of continuation and would encourage shareholders to do likewise in the belief that the Company has a successful long-term investment formula. The Board continues to believe that the Company's investment objective of seeking to provide above average dividend income and capital growth from investment in a diversified portfolio of North American securities remains relevant for shareholders and new investors alike. Our history of annual dividend increases since 2011 means that we are included in the Association of Investment Companies 'Next Generation Dividend Heroes' listing and we hope that this progression continues.

Online Shareholder Presentation

In order to encourage as much interaction as possible with our shareholders, there will also be an online shareholder presentation at 2.00p.m. on 10 June 2024. At this event, you will receive a presentation from the Investment Manager and have the opportunity to ask questions of the Chair and the Investment Manager. As with last year, the online presentation is being held ahead of the AGM to allow shareholders to submit their proxy votes prior to the meeting. Full details on how to register for this online event are available via the website.

Shareholders are also encouraged to submit questions, in advance of both the online shareholder presentation and the AGM, to the following email address: **northamericanincome@abrdn.com**.

If you are unable to attend the online event, the Investment Manager's presentation will be available on the Company's website shortly after the presentation. We encourage all shareholders to complete and return the form of proxy enclosed with the Annual Report to ensure that your votes are represented at the meeting (whether or not you intend to attend in person). If you hold your shares in the Company via a share plan or a platform and would like to attend and/or vote at the AGM, then you will need to make arrangements with the administrator of your share plan or platform.

Dame Susan Rice
Chair
4 April 2024

Overview of Strategy

Introduction
The Company is an investment trust and its Ordinary shares are listed on the premium segment of the London Stock Exchange. The Company aims to attract long-term private and institutional investors wanting to benefit from the income and growth prospects of North American companies. The Board does not envisage any change in the Company's activity in the foreseeable future.

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

Reference Index
The Board reviews performance against the index which it considers to be the most relevant, the Russell 1000 Value Index, together with peer group comparators (in sterling terms). The aim is to provide investors with above average dividend income from predominantly US equities which means that investment performance can diverge, possibly quite materially in either direction, from this index. The Board also compares performance against the S&P 500 Index whilst having regard to the very different make-up of this index and its inclusion of many of the fast growing tech companies which often do not pay dividends.

Investment Policy
The Company invests in a portfolio predominantly comprised of S&P 500 constituents. The Company may also invest in Canadian stocks and US mid and small capitalisation companies to provide for diversified sources of income. The Company may invest up to 20% of its gross assets in fixed income investments, which may include non-investment grade debt. The Company's investment policy is flexible, enabling it to invest in all types of securities, including (but not limited to) equities, preference shares, debt, convertible securities, warrants, depositary receipts and other equity-related securities.

The maximum single investment will not exceed 10% of gross assets at the time of investment and it is expected that the portfolio will contain around 50 holdings (including fixed income investments), with an absolute minimum of 35 holdings. The composition of the Company's portfolio is not restricted by minimum or maximum market capitalisation, sector or country weightings.

The Company may borrow up to an amount equal to 20% of its net assets.

Subject to the prior approval of the Board, the Company may also use derivative instruments for efficient portfolio management, hedging and investment purposes. The Company's aggregate exposure to such instruments for investment purposes (excluding collateral held in respect of any such derivatives) will not exceed 20% of the Company's net assets at the time of the relevant acquisition, trade or borrowing.

The Company does not generally hedge its exposure to foreign currency. The Company will not acquire securities that are unlisted or unquoted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange). However, the Company may continue to hold securities that cease to be listed or quoted, if appropriate.

The Company may participate in the underwriting or sub-underwriting of investments where appropriate to do so.

The Company may invest in open-ended collective investment schemes and closed-ended funds that invest in the North American region. However, the Company will not invest more than 10%, in aggregate, of the value of its gross assets in other listed investment companies (including listed investment trusts), provided that this restriction does not apply to investments in any such investment companies which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed investment companies.

The Company will normally be substantially fully invested in accordance with its investment objective but, during periods in which changes in economic conditions or other factors so warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.

Management
The Board has appointed abrdn Fund Managers Limited ("aFML") to act as the alternative investment fund manager ("AIFM" or the "Manager").

The Directors are responsible for determining the investment policy and the investment objective of the Company. The Company's portfolio is managed on a day-to-day basis by abrdn Inc. (the "Investment Manager") by way of a delegation agreement in place between aFML and abrdn Inc.

The Investment Manager invests in a range of North American companies, following a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value, concentrating on quality first, then price. The Investment Manager seeks companies that are well-positioned in their sector with strong balance sheets and cash generation and proven management through various economic cycles. Top-down investment factors are secondary in the Investment Manager's portfolio construction, with diversification rather than formal controls guiding stock and sector weights.

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 identified by the Board in relation to the Company which are considered at each Board meeting are as follows:

KPI	Description
Net asset value and share price performance against the reference index	The Board reviews the Company's NAV and share price total return performance against the Russell 1000 Value Index (in sterling terms). Performance graphs and tables are provided on pages 20 and 21. The Board also reviews the performance of the Company against its peer group of investment trusts with similar investment objectives.
Revenue return and dividend yield [A]	The Board monitors the Company's net revenue return and dividend yield through the receipt of detailed income forecasts. A graph showing the dividends and yields over five years is provided on page 21.
Share price discount/Premium to net asset value [A]	The discount/premium relative to the net asset value per share is closely monitored by the Board. A graph showing the share price discount/premium relative to the net asset value is shown on page 22.
Ongoing charges ratio ("OCR") [A]	The Board reviews the Company's operating costs carefully against its peer group of investment trusts with similar investment objectives. The Company's OCR is provided on page 5.

[A] Considered to be an Alternative Performance Measure. See pages 87 to 89 for more information.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its business model, financial position, performance and prospects. The Board has in place a robust process to identify, assess and monitor the principal risks and uncertainties facing the Company and to identify and evaluate emerging risks, such as geopolitical developments. This process is supported by a risk matrix which identifies the key risks for the Company, including emerging risks, and covers strategy, investment management, operations, shareholders, regulatory and financial obligations and third party service providers. This risk matrix is reviewed on a regular basis. A summary of the principal risks and uncertainties facing the Company, which have been identified by the Board, is set out in the following table, together with a description of the mitigating actions it has taken.

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

Overview of Strategy

Continued

Description	Mitigating Action
Market Risk The risks facing the Company relate to the Company's investment activities and include market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The Company is exposed to variations in share prices and movements in the currency exchange rate due to the nature of its business. A fall in the market value of its portfolio would have an adverse effect on shareholders' funds. Any debt securities that may be held by the Company will be affected by general changes in interest rates that will in turn result in increases or decreases in the market value of those instruments.	The day-to-day management of the Company's assets has been delegated to the Manager under investment guidelines determined by the Board. The Board monitors adherence to these guidelines and receives regular reports from the Manager which include performance reporting. The Board regularly reviews these guidelines to ensure they remain appropriate. Details on financial risks, including market price volatility, inflation, interest rates, liquidity and foreign currency risks and the controls in place to manage these risks are provided in note 18 to the financial statements.
Major Market Event or Geopolitical Risk The Company is exposed to stock market volatility or illiquidity that could result from major market shocks due to a national or global crisis such as a pandemic, war, natural disaster, geopolitical developments or similar. There could also be the resulting impact of disruption on the operations of the Company and its service providers, temporarily or for prolonged duration.	The Board is cognisant of the heightened risks arising from geopolitical developments including stock market instability and economic effects or the potential impact on the operations of the third-party suppliers, including the Manager. The Manager reviews the investment risks arising from these macro developments on the companies in the portfolio, including but not limited to: employee absence, reduced demand, supply chain breakdown, balance sheet strength, ability to pay dividends, and takes the necessary investment decisions. The Manager communicates regularly with the underlying investee companies in order to navigate the Company through the current challenges. The Manager has disaster recovery and business continuity arrangements in place to ensure that it is able to continue to service its clients, including investment trusts. The Board monitors third party risk management frameworks through updates from the Manager.
Income and Dividend Risk The ability of the Company to pay dividends and any future dividend growth will depend primarily on the timing and level of income received from its investments (which may be affected by currency movements, exchange controls or withholding taxes imposed by jurisdictions in which the Company invests). Accordingly, there is no guarantee that the Company's dividend income objective will continue to be met and the amount of the dividends paid to Ordinary shareholders may go down as well as up.	The Board monitors this risk through the regular review of detailed revenue forecasts and considers the current and forecast level of income at each meeting. The Company has built up its revenue reserves over recent years which provides flexibility in future years, should the dividend environment become challenging.

Description	Mitigating Action
Operational The Company is reliant on services provided by third parties (in particular those of the Manager). Failure by any service provider to carry out its contractual obligations could expose the Company to loss or damage. This includes accounting, financial or custody errors, IT failures, fraud or cyber risk, unforeseen natural disasters and other operational failures by the manager, depositary or custodian.	Written agreements are in place defining the roles and responsibilities of all third party service providers. The Board reviews reports on the operation and efficacy of the Manager's risk management and control systems, including those relating to cyber-crime. The Board also reviews regular reports from internal audit as well as independently audited third party control reports. The Manager monitors the control environment and quality of services provided by other third party service providers through due diligence reviews, service level agreements, regular meetings and key performance indicators. The Board reviews reports on the Manager's monitoring of third party service providers on a periodic basis.
Regulatory Risk 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, Consumer Duty, accounting standards, investment trust 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.	Directors are aware of the relevant regulations and are provided with information on changes by the Association of Investment Companies, as well as the Manager. The Manager provides six-monthly reports to the Audit Committee on its internal control systems, which monitor compliance with relevant regulations. In addition, the Board will use the services of its professional advisers when necessary, to monitor compliance with regulatory requirements. The Manager and depositary provide reports to the Audit Committee on their operations to evidence that the AIFMD regulations are complied with. The Manager has implemented procedures to ensure compliance with the provisions of the Corporation Tax Act 2010 and reports results to the Board.
Gearing Risk Gearing is used to leverage the Company's portfolio in order to enhance returns. Gearing has the effect of accentuating market falls and market gains. The ability of the Company to meet its financial obligations, or an increase in the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's shares.	In order to manage the level of gearing, the Board has set a maximum gearing ratio of 20% of net assets. The Board receives regular updates from the Manager on the Company's net gearing levels and its compliance with loan covenants. As at 31 January 2024 the Company had £39.2 million of borrowings and net gearing was 4.1% at the year end. More details are provided on page 88 of this report.
Discount volatility Investment company shares can trade at discounts to their underlying net asset values (NAV), although they can also trade at premia.	The Company's share price, NAV and discount are monitored daily by the Manager. When there is a significant discount and it is deemed to be in the best interest of shareholders, the Manager will exercise discretion to undertake share buybacks, within authorities set by the Board. The Board monitors the discount level of the Company's shares and monitors the level of share buybacks, within shareholder authorities.
Derivatives The Company uses derivatives primarily to enhance the income generation of the Company. Derivatives are difficult to value and exposed to counterparty risk.	The risks associated with derivatives contracts are managed within guidelines and limits set by the Board.

Overview of Strategy

Continued

Description	Mitigating Action
Potential Impact of Environmental, Social and Governance ("ESG") Investment Principles Applying ESG and sustainability criteria in the investment process may result in the exclusion of assets in which the Company might otherwise invest. The Manager also monitors and responds to ESG and sustainability risks at portfolio companies as they evolve over time. This may have a positive or negative impact on performance.	The Board supports and encourages the ESG analysis incorporated by the Manager as part of its investment decision making process and understands that over the short-term companies with weak ESG compliance may appear to perform strongly. Over the long-term the Board believes companies that carefully understand and proactively manage the ESG issues relevant to their businesses will prove more resilient and capture emerging opportunities for growth. The Manager also actively engages with investee companies in relation to ESG and sustainability issues that it deems material.

In addition to these risks, the Company is exposed to the impact of geopolitical tensions, such as Russia's invasion of Ukraine, conflict in the Middle East, ongoing tension between the US and China or other changes which could have an adverse impact on stock markets and the Company's portfolio.

The Board is also conscious of the elevated threat posed by climate change and continues to monitor, through reporting from the Investment Manager, the potential risk that the portfolio investments may fail to adapt to the requirements imposed by climate change. The investment portfolio primarily consists of listed equities and corporate bonds and the quoted market (being bid) price is expected to reflect market participants' view of climate change risk so the impact of climate change is not considered to be material to the financial statements. Further details relating to the Manager's Approach to ESG Integration in Equities, including consideration of the impact of climate change, can be found on pages 93 to 96.

The Company's principal risks and uncertainties have not changed materially since the year end.

Promoting the Success of the Company

The Board is required to report on how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 (the "s172 Statement"). Under section 172, the Directors have a duty to promote the success of the Company for the benefit of its members as a whole, taking into account the likely long-term consequences of decisions, the need to foster relationships with the Company's stakeholders and the impact of the Company's operations on the environment.

The Board comprises five Directors at the time of writing this report and the Company has no employees or customers in the traditional sense. As the Company has no employees, the culture of the Company is embodied in the Board of Directors. The Board seeks to promote a culture of strong governance and to challenge, in a constructive and respectful way, the Company's advisers, third parties and other stakeholders.

The Board's principal concern has been, and continues to be, the interests of the Company's shareholders and potential investors. The Manager undertakes an annual programme of meetings with the largest shareholders and investors and reports back to the Board on issues raised at these meetings. The investment managers are based in abrdn's US offices and regularly present at these meetings either by video conference or in person when visiting the UK.

The Board encourages all shareholders to attend and participate in the Company's AGM and shareholders may contact the Directors via the Company Secretary. Shareholders and investors can obtain up-to-date information on the Company through its website and the Manager's information services and have direct access to the Company through the Manager's customer services team or the Company Secretary. The Chair offers to meet with shareholders on at least an annual basis. The Chair also held a live webinar ahead of the 2023 AGM, taking questions with the Investment Manager. This was made available on the Company's website for shareholders to access.

As an investment trust, a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services to the Manager and other stakeholders support the Company by providing secretarial, administration, depositary, custodial, banking and audit services.

The Board undertakes a robust evaluation of the Manager to ensure that the Company's objective of providing sustainable income and capital growth for its investors is met. The Board typically visits the Manager's offices in the US on a periodic basis and last visited the Manager in May 2023. This enables the Board to conduct face to face review meetings with the fund management and research teams. The portfolio activities undertaken by the Investment Manager on behalf of the Company can be found on pages 23 to 25 and details of the Board's relationship with the Manager and other third party providers, including oversight, is provided in the Directors' Report on page 39.

Key decisions and actions during the year ended 31 January 2024, which required the Directors to have greater focus on stakeholders included:

Directorate

The Board is mindful of the importance of having a well-considered and orderly succession plan for continuity of performance and delivery of the Company's strategy. There were no changes made to the Board composition during the financial year. However, as announced in the 2023 Interim Report, as part of the Board's orderly succession plan, Dame Susan Rice will retire from the Board at the conclusion of the 2024 AGM and will be succeeded by Charles Park, who has served on the Board since 2017. Patrick Edwardson will succeed Charles Park as Senior Independent Director. A search process will be conducted later this year for a new Director, which will have due regard to the benefits of diversity.

Marketing strategy

The Board continued to engage with investors directly this year. This included meeting with investors, along with the fund manager, and the Company's second webinar in May 2023, where shareholders had a chance to ask questions prior to exercising their proxy votes for the 2023 AGM. In addition, the Board worked with the Manager on key performance indicators for marketing services and additional means for targeted promotion of the Company.

Dividends paid to shareholders

During the year, the Board implemented the revised dividend payment policy approved by shareholders at the 2023 AGM. Accordingly, four interim dividends have been proposed for the financial year ending 31 January 2024 (see page 4 for more details) and paid at more even quarterly intervals throughout the year. The Board recognises the importance of dividends to shareholders and the importance of receiving a regular income over the long-term.

Share buybacks

During the year the Board bought back 2.9m Ordinary shares for cancellation. This provided a small accretion to the NAV and a degree of liquidity to the market in an effort to manage the discount to the NAV per share.

Management of the portfolio

As in previous years, the Board focused on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework and in the context of the wider market environment. As explained in more detail on page 12, during the year, the Board reviewed portfolio and NAV performance against a reference benchmark and other peers on a regular basis.

Duration

The Company does not have a fixed winding-up date; however, shareholders are given the opportunity to vote on the continuation of the Company every three years. The Company's next continuation vote is scheduled for the forthcoming AGM in June 2024.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with appropriate knowledge in order to allow the Board to fulfil its obligations. A new Diversity Statement is on pages 42 and 43.

Environmental, Social and Human Rights Issues

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

Overview of Strategy

Continued

Modern Slavery Act

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. The Board also 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.

Global Greenhouse Gas Emissions and Streamlined Energy and Carbon Reporting ("SECR")

All of the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from the operations of its business other than directors' travel, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

The Investment Manager has access to a range of ESG tools. These tools allow it to look at the overall carbon footprint of its portfolios and compare with the reference index. It also allows them to identify the highest carbon emissions stocks across portfolios. Furthermore, the carbon footprint tool has been used to help further guide the Investment Manager's engagement with companies.

Task Force for Climate-Related Financial Disclosures ("TCFD")

Under Listing Rule 15.4.29(R), the Company, as a closed ended investment company, is exempt from complying with the TCFD. The Manager has, however, produced a product level report on the Company in accordance with the FCA's rules and guidance regarding the disclosure of climate-related financial information consistent with TCFD Recommendations and Recommended Disclosures. The product level report on the Company is available on the Manager's website at: **invtrusts.co.uk**.

Viability Statement

The Company does not have a formal fixed period strategic plan but the Board does formally consider risks and strategy on at least an annual basis. The Board considers the Company to be a long-term investment vehicle but for the purposes of this Viability Statement has decided that a period of three years is an appropriate period over which to report. 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 three years.

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

- The ongoing relevance of the Company's investment objective in the current environment and recent feedback from the Company's brokers and shareholders, where available.
- A resolution for the continuation of the Company to be put to shareholders at the AGM in June 2024. The Directors recommend that shareholders vote to approve the resolution, and that the Company should continue in existence.
- The principal risks detailed in the strategic report on pages 13 to 16 and the steps taken to mitigate these risks. In particular, the Board has considered the operational ability of the Company to continue in the current environment, including the impact of geopolitical developments, and the ability of the key third party suppliers to continue to provide essential services to the Company. Third party services have continued to be provided effectively.
- The Company is invested in readily realisable listed securities. Recent stress testing has confirmed that the portfolio can be easily liquidated, despite the more uncertain and volatile economic environment.
- The level of revenue surplus generated by the Company and its ability to achieve the dividend policy. The Company has continued to deliver dividend growth whilst building up revenue reserves (see pages 2 and 4) which can be used to top up the dividend in tougher times.
- The level of gearing is closely monitored by the Board and the Manager. Covenants are actively reviewed and there is adequate headroom in place.
- The availability of long-term gearing facilities. The Company's gearing comprises $25 million of ten year loan notes (until December 2030) and $25 million of 15 year loan notes (until December 2035).

Accordingly, taking into account the Company's current position and the potential impact of its principal risks and uncertainties, the Board has 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 three years from the date of this Report. In making this assessment, the Board has considered that matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

Dame Susan Rice
Chair
4 April 2024

Results

Performance (total return)

Total return (Capital return plus dividends reinvested)	1 year return %	3 year return[A] %	5 year return[A] %
Share price[B]	–0.9	+40.0	+30.4
Net asset value per share[B]	–1.6	+35.6	+34.9
Russell 1000 Value Index (in sterling terms)	+2.6	+40.5	+61.0
S&P 500 Index (in sterling terms)	16.8	+47.4	+101.5

[A] Cumulative return
[B] Considered to be an Alternative Performance Measure. See page 89 for more information.

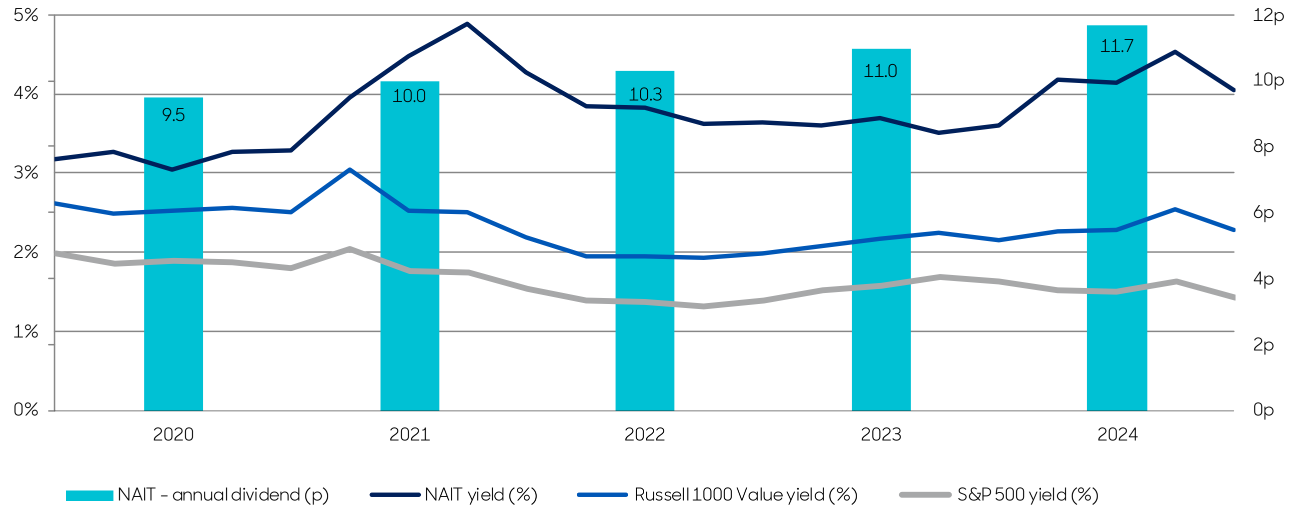
Ten Year Financial Record

Year to 31 January	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Per share (p)										
Net revenue return[A]	6.54	7.15	7.98	8.42	10.04	11.42	11.79	10.28	12.21	**11.95**
Dividends[A]	6.00	6.60	7.20	7.80	8.50	9.50	10.00	10.30	11.00	**11.70**
As at 31 January										
Net asset value per share[A] (p)	187.8	187.1	264.7	275.5	280.4	288.9	262.5	318.8	337.2	**317.8**
Shareholders' funds (£'000)	309,273	280,644	379,101	391,649	398,657	413,948	375,416	448,463	472,891	**436,479**

[A] Comparative figures have been restated due to the sub-division of each existing Ordinary share of 25p into five Ordinary shares of 5p each on 10 June 2019.

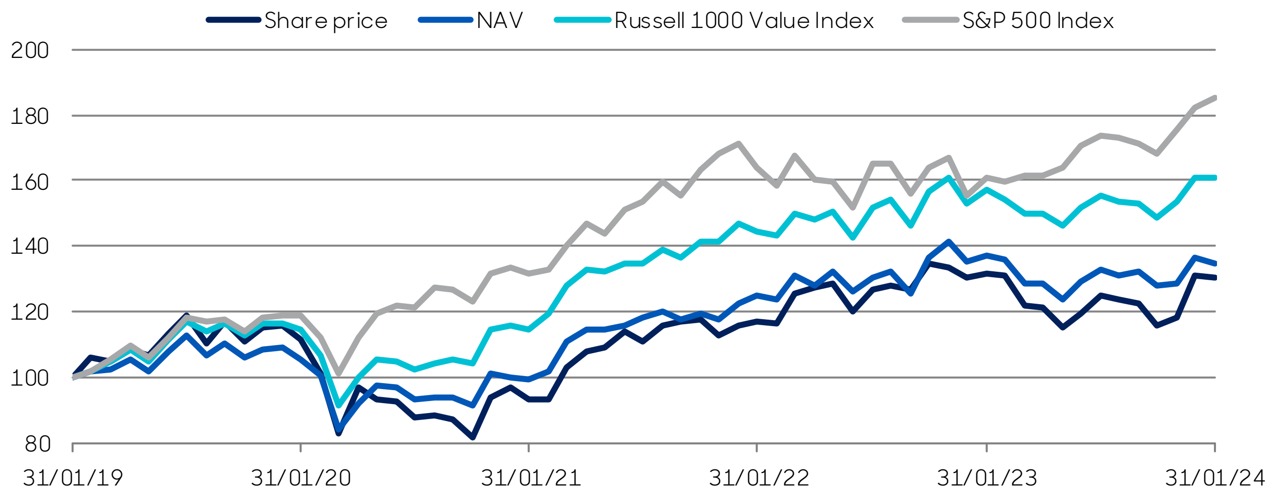
Performance

Dividend (p) and Company and Russell 1000 Value Index and the S&P 500 Index Yields (%)



Total Return of NAV and Share Price vs Russell 1000 Value Index and the S&P 500 Index (reference indices in sterling terms)

Five years to 31 January 2024 (rebased to 100 at 31 January 2019)

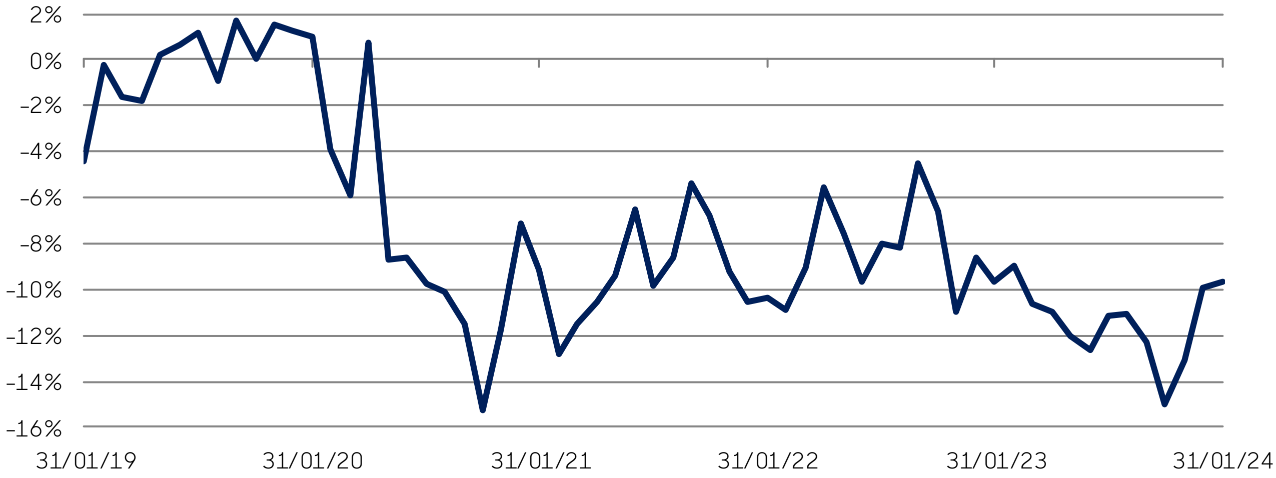


Source: abrdn & Morningstar

Discount

Share Price Premium/ (Discount) to NAV

Five years to 31 January 2024



Source: Morningstar

Investment Manager's Review

Market review

US share prices, as measured by the Company's primary reference index, the Russell 1000 Value Index, rose in local-currency terms over the year to 31 January 2024 albeit by less in sterling terms as the pound strengthened against the US dollar by 3.4%.

Faced with a relatively resilient and robust economy, including a strong labour market, the US Federal Reserve (Fed) continued to tighten monetary policy through 2023. The Fed raised interest-rates by 25 basis points (bps) at each of its meetings between February and May, with the last increase in July 2023 taking the target range for the Fed funds rate to 5.25-5.50%, the highest level since 2001. At its January 2024 meeting, after eleven rate increases since March 2022, the Fed finally removed the tightening bias from its statement. That said, it aims to keep policy restrictive and proceed carefully for now, continuing with its data-dependent approach as it awaits more transparency over underlying macroeconomic trends. However, given the sustained fall in the Fed's targeted inflation measure, three rate cuts – as forecast by committee members in December's 'dot plot' – are still possible in 2024. There could also be further easing to come in 2025 and 2026.

US stock markets rose steadily over most of the period, even shaking off turmoil in the banking sector in March 2023, when two regional banks, Silicon Valley Bank and Signature Bank, collapsed. In particular, investor sentiment was helped by the long-awaited news in May of an agreement to raise the US debt ceiling. Investor concern that interest rates would stay higher for longer led to stocks weakening in August through to October. However, equities then rebounded notably towards the end of the year as these fears eased due to more encouraging inflation trends.

Over the year to 31 January 2024, growth-focused stocks performed relatively well. In particular, there was a strong performance from the technology sector, especially artificial intelligence-related companies, such as NVIDIA, Microsoft and Alphabet. During the year to 31 January 2024, the top seven (or "Magnificent Seven") technology stocks contributed nearly 65% of the total return of the S&P 500 Index. These stocks are more sensitive to the prospect of monetary tightening coming to an end, which will lower the discount rate applied to these long duration assets.

The communication services, technology and industrials sectors were the strongest performers within the Russell 1000 Value index, while the utilities, materials and energy sectors were the primary market laggards for the period.

Performance

The Company returned -1.6% per share on a net asset value basis in sterling terms for the year ended 31 January 2024, underperforming the 2.6% return of the Russell 1000 Value Index. The revenue account remained healthy, maintaining a level of cover established in prior years.

At a sector level, the main detractor from the Company's performance was the materials sector due to negative stock selection. The second-largest detractor was the industrials sector due to stock selection and, to a lesser extent, an underweight exposure.

The largest individual stock detractors from performance included:

- agricultural sciences company, **FMC Corporation**, a producer of crop-protection chemicals, suffered from inventory destocking which forced management to materially reduce its guidance. The weakness was derived from farmers over-ordering crop inputs after being unable to procure supplies in 2022 due to supply-chain disruptions.
- Pharmaceutical firm, **Bristol-Myers Squibb** ("Bristol-Myers"), underperformed due to a combination of new US government pricing measures affecting the pharmaceutical industry and a pipeline that has not yet received full approval for launching new drugs.
- Drugstore chain **CVS Health** was another weak performer as it contended with rising patient utilisation in its managed care segment and investors debated the cost of its acquisition of Oak Street Health, a provider of value-based care to the Medicare population.

On the positive side, the two largest contributors to the Company's performance at the sector level were energy and technology due to stock selection.

At a stock level, the largest individual contributors included:

- Semiconductor supplier **Broadcom** performed strongly, alongside other companies with artificial intelligence (AI) exposure, after reports indicated a significant increase in demand for AI solutions. Broadcom subsequently reported earnings that confirmed these improving demand trends.
- **Phillips 66**, the oil refiner, discussed options to improve operational performance, along with various strategic alternatives, with activist investor Elliot Management ("Elliot"). Elliot established a $1 billion position in Phillips 66, will nominate two new board members, and publicly outlined a strategy to unlock shareholder value.

- **Comcast**, the telecommunications conglomerate, also fared well after reporting earnings that were better than expected. The company was able to offset the loss of broadband subscribers with higher pricing, while the theme parks division continues to experience robust growth.

The top five contributors and bottom five contributors over the year ended 31 January 2024 are detailed below

Top Five Stock Contributors	%*	Bottom Five Stock Contributors	%*
Broadcom Inc	1.6	FMC Corporation	-2.4
Philips66	1.1	Meta Platforms Inc. #	-1.4
Pfizer Inc	0.5	Bristol-Myers Squibb Company	-1.2
Comcast Corporation	0.4	CVS Health Corporation	-0.7
Merck & Co	0.4	Gaming and Leisure Properties Inc.	-0.5

*% relates to the percentage contribution to return relative to the Reference Index (Russell 1000 Value Index).
# not owned by the Company.

Portfolio activity

The Company's investments continue to align with our high-quality stock selection process, which emphasises generating consistent cash flow. However, market volatility created opportunities to add quality companies into the portfolio at compelling prices.

We initiated positions in five companies during the year.

- the leading renewable energy and utility company **NextEra Energy**: NextEra Energy owns Florida Power & Light Company, the US's largest regulated electric utility, serving more than 12 million people. The utility business is high quality due to the large backlog of growth projects combined with a constructive regulatory environment allowing for relatively high returns. The company also owns NextEra Energy Resources, which is the world's largest generator of renewable energy from wind and solar assets as well as a leader in battery storage. Altogether, NextEra Energy combines two excellent businesses that support peer-leading earnings growth, along with a secure dividend.
- **Genuine Parts Company**, a leading global distributor of automotive and industrial replacement parts. The company has a track record of consistent execution and prudent capital allocation, which has driven its profitable growth. It has established itself as a premier supplier of automotive aftermarket parts, led by its flagship NAPA brand.
- Beverage firm **Keurig Dr Pepper** has products in both the cold drinks segment (led by the flagship Dr Pepper brand) and, following the merger with Keurig, in coffee. Keurig is the dominant player in the single-serve coffee segment. Historically, the cold drinks business has grown in line with, or above, the market, benefiting from the company's strength in (non-cola) flavours and its status as a preferred distributor and acquiror of niche brands.
- **Essential Utilities**, a diversified utility with two-thirds of its earnings from the water business and one-third from the gas business. In the short run, the gas business should grow faster given the infrastructure upgrades required. However, the water business should grow at a comparable pace over the intermediate term due to several small acquisition opportunities given that around 85% of the country is served by small, privately-run municipal operations.
- The energy infrastructure company **Enbridge**, a premier midstream company that operates one of the most advantaged oil pipeline networks in North America, with a strong collection of natural gas infrastructure and utility assets and a growing renewable energy platform. The company's diversified asset portfolio generates predictable cash flows thanks to its regulated and long-term contracts with customers.

We sold out of five companies during the year.

- **Home Depot**: as we believe higher interest rates, elevated inflation and the resumption of student loan payments will prove to be large headwinds for the consumer, pressuring earnings estimates over time.
- Clothing company, **VF Corporation**. Despite having a portfolio of well-admired brands like Vans, The North Face, Timberland, Supreme, and Dickies, the company has faced multiple setbacks due to its poor execution.
- **Hannon Armstrong Sustainable** Infrastructure Capital, after concluding the stock would remain under pressure in a higher-for-longer interest-rate environment, with investors becoming increasingly concerned that higher funding costs would negatively affect the company's return profile.
- **CI Financial**, given the company's management has become more aggressive from a capital deployment perspective, with an acceleration in buybacks and the rapid acquisition of US wealth management businesses. While strategically sound, these actions are raising leverage at a time of higher interest rates.
- Energy infrastructure firm **TC Energy**, using the proceeds to fund our investment in competitor Enbridge. Factors primarily outside TC Energy's control have created delays on new projects and put upward pressure on costs, negatively affecting project-level returns.

A sector analysis chart of the portfolio can be found on page 31.

Within the Company's corporate bond portfolio, we initiated several positions over the year to take advantage of more attractive valuations, as yields climbed higher due to further monetary tightening together with concerns over what an economic slowdown could mean for the instruments' credit quality. We exited some other positions as the valuation of these bonds traded above what we deemed to be their fair value. We continue to work closely with abrdn's fixed income specialists to monitor credits and market conditions for new opportunities and to manage downside risk.

Dividend growth

The Company's holdings continued to build upon an established track record of dividend growth during the review period, with several companies announcing double-digit increases. Semiconductor suppliers **Broadcom** and **Analog Devices** boosted their payouts by 14% and 13%, respectively. Insurance provider **AIG Group** increased its dividend by 13%. Derivatives exchange operator **CME Group**, renewable energy company **NextEra Energy**, and healthcare provider **CVS** each raised their quarterly dividend payouts by 10%.

Additionally, two holdings in the portfolio announced special dividend payments to shareholders during the review period. Derivatives exchange operator **CME Group** declared an annual variable dividend of US$5.25 per share in December 2023. The company uses this approach to facilitate paying out all cash that it generates over the year beyond a minimum threshold. Gaming-focused REIT **Gaming and Leisure Properties Inc.** declared a special earnings and profits cash dividend of $0.25 per share.

Outlook

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

We believe the underlying companies in the portfolio are well positioned to manage through potential election year volatility and, equally important, we feel comfortable with the current valuations of these companies. The underlying cash flows and balance sheets remain strong and thus we expect continued dividend growth prospects for 2024.

The portfolio's sector exposure is modestly defensive and we continue to seek all-weather companies, where macro tailwinds are not needed for growth.

Fran Radano
abrdn Inc.
4 April 2024

Portfolio

The Company's portfolio is constructed with the Manager's focus on quality, dividend-paying companies with competitive advantage in attractive industries, strong management, financials and ESG factors. At 31 January 2024, the Company's portfolio consisted of 36 equity and 9 bond holdings.

Broadcom is one of the Company's holdings. It is a global technology leader that designs, develops and supplies a broad range of semiconductor, enterprise software and security solutions.

Ten Largest Investments

As at 31 January 2024

MetLife
MetLife provides individual insurance, employee benefits, and financial services with operations throughout the United States and the regions of Latin America, Europe, and Asia Pacific.

CVS Health
CVS Health provides health care and retail pharmacy services. The company offers prescription medications, beauty, personal care, cosmetics, and health care products as well as pharmacy benefit management, disease management and administrative services.

Medtronic
Medtronic develops therapeutic and diagnostic medical products for a wide range of conditions, diseases and disorders.

Merck & Co
Merck & Co. is a global health care company that delivers health solutions through its prescription medicines, vaccines, biological therapies, animal health, and consumer care products, which it markets directly and through its joint ventures. The company has operations in pharmaceutical, animal health, and consumer care.

Gaming & Leisure Properties
Gaming and Leisure Properties owns and leases casinos and other entertainment facilities.

Baker Hughes
Baker Hughes provides oilfield products and services. The company engages in surface logging, drilling, pipeline operations, petroleum engineering, and fertilizer solutions, as well as offers gas turbines, valves, actuators, pumps, flow meters, generators and motors. Baker Hughes serves oil and gas industries worldwide.

American International Group ("AIG")
American International Group. is an international insurance organisation serving commercial, institutional and individual customers. AIG provides property-casualty insurance, life insurance, and retirement services.

L3 Harris Technologies
L3 Harris Technologies is an aerospace and defence technology innovator. The company designs, develops, and manufactures radio communications products and systems, including single channel ground and airborne radio systems.

Citigroup
Citigroup. is a diversified financial services holding company that provides a broad range of financial services to consumer and corporate customers. The company services include investment banking, retail brokerage, corporate banking, and cash management products and services. Citigroup serves customers globally.

Comcast
Comcast provides media and television broadcasting services. The company offers video streaming, television programming, high-speed Internet, cable television and communication services. Comcast serves customers worldwide.

List of Investments

As at 31 January 2024

Company	Industry classification	Valuation 2024 £'000	Total assets %	Valuation 2023 £'000
MetLife	Insurance	21,774	4.6	20,166
CVS Health	Health Care Providers & Services	21,024	4.4	21,498
Medtronic	Health Care Equipment & Supplies	20,623	4.3	13,596
Merck & Co	Pharmaceuticals	19,917	4.2	20,939
Gaming & Leisure Properties	Specialised REITs	17,924	3.9	17,402
Baker Hughes	Energy Equipment & Services	17,904	3.8	23,204
American International Group ("AIG")	Insurance	16,375	3.4	15,406
L3 Harris Technologies	Aerospace & Defence	16,366	3.4	13,959
Citigroup	Banks	15,438	3.2	14,846
Comcast	Media	14,619	3.1	19,178
Ten largest investments		**181,964**	**38.3**	
Emerson Electric	Electrical Equipment	14,407	3.0	14,657
Philip Morris	Tobacco	14,268	3.0	16,935
Air Products & Chemicals	Chemicals	14,056	3.0	7,810
Broadcom	Semiconductors & Semiconductor Equipment	13,899	2.9	11,880
Phillips 66	Oil, Gas & Consumable Fuels	13,599	2.9	16,290
Bristol-Myers Squibb	Pharmaceuticals	13,432	2.8	20,654
Keurig Dr Pepper	Beverages	12,344	2.6	–
Restaurant Brands International	Hotels, Restaurants & Leisure	12,263	2.6	13,048
Cogent Communications	Diversified Telecommunication	12,125	2.5	13,924
Genuine Parts	Distributors	12,113	2.5	–
Twenty largest investments		**314,470**	**66.1**	
JPMorgan Chase & Co.	Banks	11,638	2.4	7,958
Analog Devices	Semiconductors & Semiconductor Equipment	11,329	2.4	15,321
Omega Healthcare Investors	Health Care REITs	10,248	2.2	19,131
PNC Financial Services	Banks	9,499	2.0	13,438
Cisco Systems	Communications Equipment	9,457	2.0	13,837
Coca-Cola	Beverages	9,343	1.9	7,471
CMS Energy	Multi-Utilities	8,977	1.9	12,832
FMC	Chemicals	8,826	1.9	13,517
Enbridge	Oil, Gas & Consumable Fuels	8,363	1.8	–
CME Group	Capital Markets	7,274	1.5	7,892
Thirty largest investments		**409,424**	**86.1**	

List of Investments

Continued

As at 31 January 2024

Company	Industry classification	Valuation 2024 £'000	Total assets %	Valuation 2023 £'000
Essential Utilities	Water Utilities	7,040	1.5	–
Nextera Energy	Electric Utilities	6,906	1.5	–
Royal Bank of Canada	Banks	6,899	1.4	7,483
OneMain	Consumer Finance	5,981	1.3	8,760
AbbVie	Biotechnology	5,164	1.1	12,001
Texas Instruments	Semiconductors & Semiconductor Equipment	5,029	1.0	5,758
CCO Holdings 7.375% 03/03/31	Media	1,429	0.3	–
CCO Holdings 4.75% 01/02/32	Media	1,408	0.3	1,447
Venture Global Calcasie 8.375% 01/06/31	Oil, Gas & Consumable Fuels	1,389	0.3	–
NRG Energy 3.625% 15/02/1	Multi-Utilities	765	0.2	726
Forty largest investments		**451,434**	**95.0**	
Venture Global Calcasie 6.25% 15/01/30	Oil, Gas & Consumable Fuels	708	0.2	746
Viatris 2.7% 22/06/30	Pharmaceuticals	708	0.1	706
NCL 5.875% 15/02/27	Consumer Discretionary	698	0.1	682
Venture Global Calcasie 3.875% 01/11/33	Oil, Gas & Consumable Fuels	693	0.1	717
Graphic Packaging 3.75% 01/02/30	Packaging & Containers	691	0.1	693
Total investments		**454,932**	**95.6**	
Net current assets		20,745	4.4	
Total assets		**475,677**	**100.0**	

Geographical/Sector Analysis

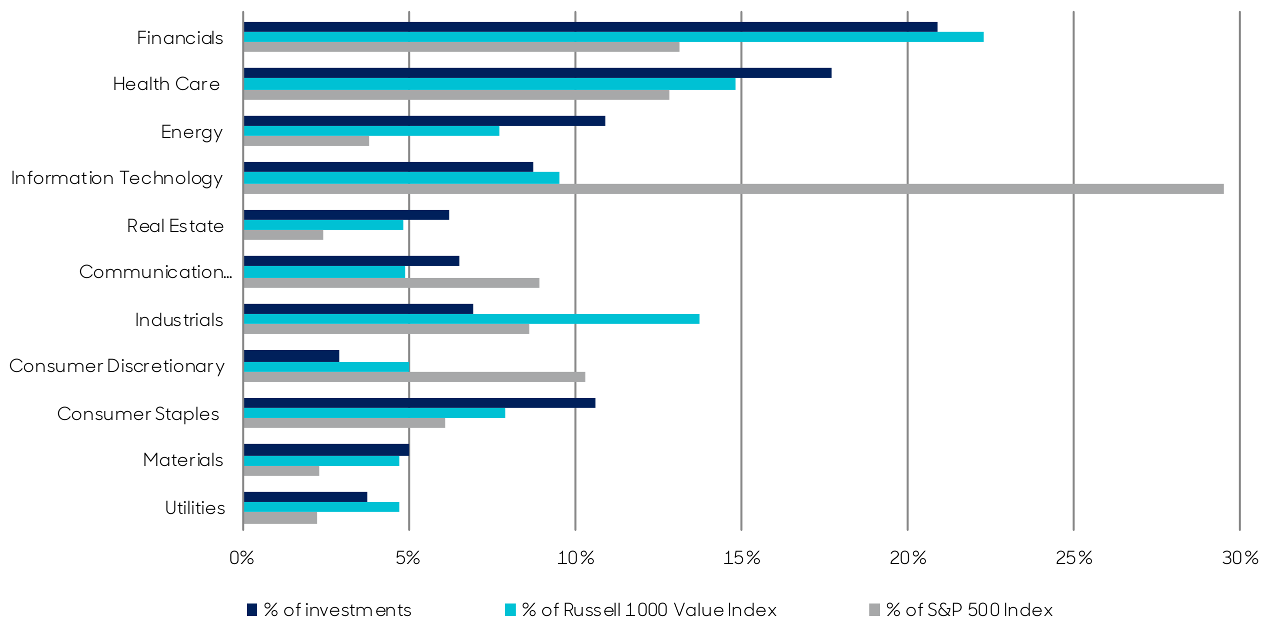
Geographic Analysis

As at 31 January 2024

	2024			2023		
Country	Equity %	Fixed interest %	Total %	Equity %	Fixed interest %	Total %
Canada	**6.1**	**-**	**6.1**	8.4	–	8.4
USA	**92.0**	**1.9**	**93.9**	90.1	1.5	91.6
	98.1	**1.9**	**100.0**	98.5	1.5	100.0

Sector Analysis for Equity Portfolio

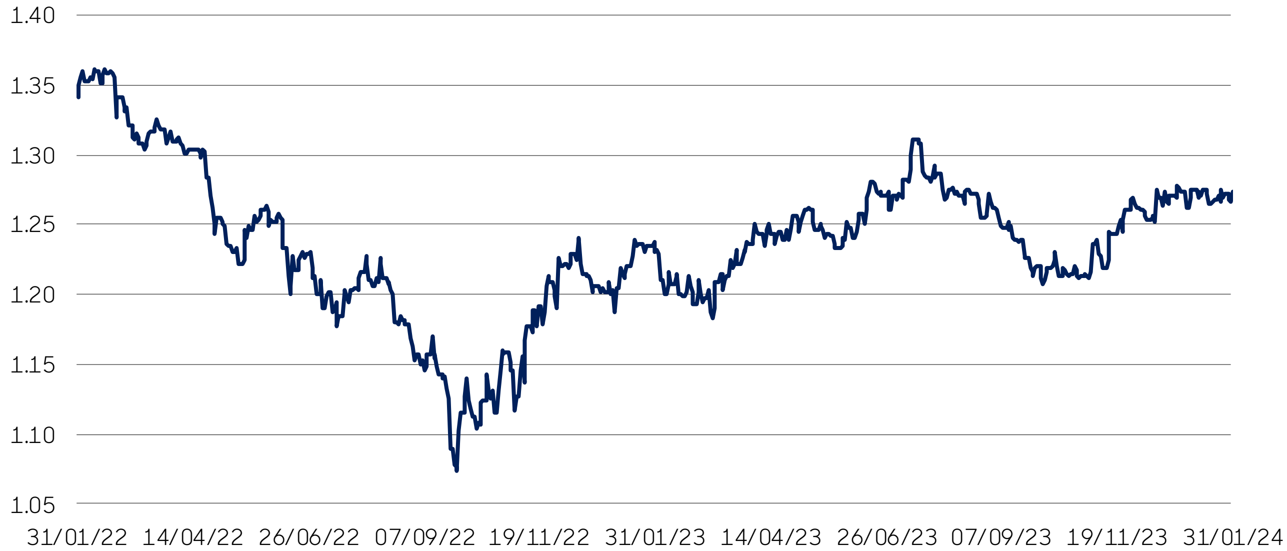
As at 31 January 2024



Currency Performance

Currency Graph (exchange rate US$ to £)

For the period 31 January 2022 to 31 January 2024



Investment Case Studies

Phillips 66

Phillips 66 is a diversified energy company formed in 2012 after ConocoPhillips separated its upstream and downstream operations. The company's portfolio consists of Midstream, Refining, Chemicals, Renewable Fuels, and Retail businesses. More simply, Phillips 66 processes, transports, stores, and markets fuels and refined products globally via its twelve refiners, 72,000 miles of pipelines, and over 8,000 retail locations.

Over the past decade management has focused on optimising the company's portfolio by divesting non-core assets, investing in higher growth businesses, and improving operational efficiency. Together, these initiatives have better positioned the company competitively, including improving profitability, reducing earnings volatility, and allowing for greater shareholder returns. At this point, after years of investment and portfolio reshaping, the company has completed many of these initiatives and is now considered one of the largest and most integrated energy companies globally. This level of integration and scale is unique within the energy complex creating competitive advantages that are difficult to replicate. Despite the progress, Phillips 66 recently embarked on another iteration of continuous improvement that we believe will add shareholder value over the long-term.

While many view the energy transition as a risk, Phillips 66 has taken a proactive approach in addressing these concerns. The company has spent several billion dollars on environmental protection and alternative energy projects since 2015. This includes the "Rodeo Renewed" project in California which will convert a traditional refinery into one of the largest renewable fuel facilities in the world. At the same time, management has established long-term GHG emission reduction targets with interim goals to track the company's progress. There are several other partnerships, initiatives, and projects helping position the company for a lower carbon future, thereby increasing our confidence in the long-term sustainability of the company's business model.

Investment Case Studies

Continued

JPMorgan Chase & Co

JPMorgan Chase & Co. ("JPMorgan") is a leading financial services firm with nearly $4 trillion in assets, over $300 billion of common equity, and more than 300,000 employees around the globe. In 2023, JPMorgan generated over $158 billion in net revenues and earned a 17% return on its common equity, translating into $50 billion of net income, an increase of 32% from 2022. JPMorgan has the largest retail deposit share in the United States, is the largest US credit card issuer, and is amongst the largest investment banks in the world.

Between 2004 and 2022, a period that included the global financial crisis and COVID-19, JPMorgan grew its tangible book value per share at a compound annual growth rate of 9%, nearly twice the rate of its five largest peers, a testament to its diversified business model, fortress balance sheet, and best-in-class management team. In 2023, tangible book value per share grew an additional 18% driven by record high earnings, demonstrating JPMorgan's ability to navigate a complicated macro-economic environment and the conclusion of the Federal Reserves' aggressive interest rate tightening cycle.

In the spring of 2023, JPMorgan engineered a win-win rescue of First Republic Bank, partnering with the Federal Deposit Insurance Corporation to acquire the assets and deposits of the bank after the failure of Silicon Valley Bank sparked contagion in the regional banking industry as a result of rapidly rising interest rates. The acquisition helped stem the crisis and added a valuable franchise focused on affluent customers to the fold.

In 2021, JPMorgan unveiled its Sustainable Development Target goal to finance and facilitate $2.5 trillion to support sustainable development and address climate change through the end of 2030. The bank is off to a strong start, having achieved $482 billion through the end of 2022, including $176 billion in green initiatives, $204 billion in development finance in emerging economies, and $102 billion of community development in developed markets. In addition, JPMorgan utilises a Carbon Assessment Framework to include climate considerations in its business decision making in order to support the global goal of net-zero emissions by 2050.

Image © J.P. Morgan

Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance.

All Directors are considered by the Board to be independent of the Company and the Manager and free of any material relationship with the Manager.

MetLife Inc., one of the Company's Ten Largest Investments, is a leading global life and health insurance company worldwide.

Board of Directors

Dame Susan Rice

Independent Non-Executive Chair

Length of service:

9 years, appointed a Director on 17 March 2015 and appointed Chair on 1 January 2022

Experience:

A chartered banker with extensive experience as a non-executive director, as well as in financial services, retail, utilities, leadership and sustainability. Her previous roles include managing director of Lloyds Banking Group Scotland, chair and chief executive of Lloyds TSB Scotland, President of the Scottish Council for Development and Industry, a member of the Scottish First Minister's Council of Economic Advisors and chair of The Scottish Fiscal Commission, Scottish Water and the Financial Services Culture Board. She has also held a range of non-executive directorships, including at the Bank of England, J Sainsbury plc and SSE plc. She is currently chair of the Forth Green Freeport. She also chairs the advisory board of the Global Ethical Finance Initiative and sits on the advisory group P-CAN, the UK Place-Based Climate Action network. Originally from the United States, her early career was at Yale and Colgate universities and then at NatWest Bancorp.

Last re-elected:

8 June 2023

Committee membership:

Management Engagement Committee (Chair)

Contribution

As set out in the Chair's Statement, Dame Susan Rice is due to retire at the conclusion of the forthcoming AGM. Her significant commitment to the Company during the nine years of service and her notable experience in financial services and corporate governance has been extremely valuable to the Board.

Karyn Lamont

Independent Non-Executive Director and Chair of the Audit Committee

Length of service:

5 years, appointed a Director on 18 September 2018

Experience:

A chartered accountant and former audit partner at PricewaterhouseCoopers until December 2016. She has over 25 years' experience and provided audit and other services to a range of clients, including a number of investment trusts, across the UK's financial services sector, including outsourcing providers. She is currently the audit committee chair of Scottish Building Society, iomart Group plc and The Scottish American Investment Company plc.

Last re-elected:

8 June 2023

Committee membership:

Audit Committee (Chair) and Management Engagement Committee

Contribution

The Board reviewed the contribution of Karyn Lamont in light of her proposed re-election at the forthcoming AGM and concluded that she continues to chair the Audit Committee expertly as well as bringing to the Board her notable experience in accounting, governance matters and investment companies.

Patrick Edwardson

Independent Non-Executive Director

Length of service:

2 years, appointed a Director on 1 July 2022

Experience:

An investment and financial services professional with over 30 years of experience. He joined Baillie Gifford in 1993 and became a partner in 2005. In a wide-ranging investment career, he managed bond, equity and multi-asset portfolios, was manager of the Scottish American Investment Company plc between 2004 and 2014 and led Baillie Gifford's multi-asset team until his retirement in 2020. He is currently a non-executive director on the board of Edinburgh Investment Trust plc. He is a non-executive director of Tillit Limited and also managing director of Atheian Ltd, a family investment office. He was formerly a non-executive director of JPMorgan Multi Asset Growth and Income plc.

Elected:

8 June 2023

Committee membership:

Management Engagement Committee and Audit Committee

Contribution

The Board reviewed the contribution of Patrick Edwardson in light of his proposed re-election at the forthcoming AGM, and appointment as Senior Independent Director after the AGM in 2024, and concluded that he provides valued and objective insight and challenge to the investment process, through his experience of investment management, including other investment companies.

Susannah Nicklin

Independent Non-Executive Director

Length of service:

5 years, appointed a Director on 18 September 2018

Experience:

An investment and financial services professional with over 25 years of experience in executive roles at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. She has also worked in the private equity sector as former Senior Independent Director at Pantheon International plc and with Bridges Ventures, the Global Impact Investing Network and Impact Ventures UK. She is independent chair of Schroders BSC Social Impact Trust plc, senior independent director of Baronsmead Venture Trust plc and Ecofin Global Utilities and Infrastructure Trust plc, and non-executive chair of Frog Capital LLC. She is a CFA® charterholder.

Last re-elected:

8 June 2023

Committee membership:

Management Engagement Committee and Audit Committee

Contribution

The Board reviewed the contribution of Susannah Nicklin in light of her proposed re-election at the forthcoming AGM and concluded that she continues to provide valuable insight and challenge to the investment process, through her experience in financial services, including with other investment companies.

Board of Directors

Continued

Charles Park

Senior Independent Non-Executive Director

Length of service:

6 years, appointed a Director on 13 June 2017

Experience:

Over 30 years of investment management experience. He was a co-founder of Findlay Park Investment Management, a US boutique asset management house established in 1997, and deputy chief investment officer with joint responsibility for managing Findlay Park American Fund until his retirement from the firm in 2016. Prior to co-founding Findlay Park, Charles was an investment manager at Hill Samuel Asset Management and an analyst at Framlington Investment Management. He is a non-executive director of Polar Capital Technology Trust plc.

Last re-elected:

8 June 2023

Committee membership:

Management Engagement Committee and Audit Committee

Contribution

The Board reviewed the contribution of Charles Park in light of his proposed re-election at the forthcoming AGM and appointment as Chair after the AGM in June 2024. It was concluded that he brings a wealth of investment management experience to the Board and expert knowledge of investment companies and governance matters.

Directors' Report

The Company, which was incorporated in 1902, is registered as a public limited company and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company's registration number is SC005218.

The Company has been accepted by HM Revenue & Customs as an investment trust subject to the Company 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 for all financial years commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 January 2024 so as to enable it to comply with the ongoing requirements for investment trust status.

The Company has conducted its affairs so 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.

Results and Dividends

The audited financial statements for the year ended 31 January 2024 are contained on pages 64 to 86. Details of dividends for the year to 31 January 2024 can be found on page 4.

Share Capital and Rights attaching to the Company's Shares

At 31 January 2024, the Company's capital structure consisted of 137,352,347 Ordinary shares of 5p each (2023 – 140, 234,749 Ordinary shares of 5p each). During the year to 31 January 2024, the Company bought back 2,882,402 Ordinary shares for cancellation. Since 1 February 2024, 1,187,253 Ordinary shares have been repurchased for cancellation.

The Ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Board) and to receive any interim dividends which the Company may resolve to pay. On a winding-up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. On a show of hands, every shareholder present in person, or by proxy, has one vote and, on a poll, every Ordinary shareholder present in person has one vote for each share held and a proxy has one vote for every share represented.

There are no restrictions concerning the holding or transfer of the Company's shares and there are no special rights attached to any of the shares. The Company is not aware of any agreements between shareholders which may result in restriction on the transfer of shares or the voting rights. The rules concerning amendments to the Articles of Association and powers to issue or buyback the Company's shares are contained in the Articles of Association of the Company and the Companies Act 2006.

Significant Agreements

The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the management agreement with the Manager and the depositary agreement, further details of which are set out below, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

Management Agreement

The Company has appointed abrdn Fund Managers Limited ("aFML" or the "Manager"), a wholly owned subsidiary of abrdn plc, as its alternative investment fund manager ("AIFM"). aFML has been appointed to provide the Company with investment management, risk management, administration, company secretarial services and promotional activities. The Company's portfolio is managed by abrdn Inc. (the "Investment Manager") by way of a delegation agreement in place between aFML and abrdn Inc. In addition, aFML has sub-delegated promotional activities to abrdn Investments Limited and administrative and secretarial services to abrdn Holdings Limited. Details of the management agreement, including notice period and fees paid during the year ended 31 January 2024 are shown in note 5.

Depositary Agreement

The Company has appointed BNP Paribas Trust Corporation UK Limited ("BNPP") as its depositary.

Loan Note Agreement

In December 2020, the Company entered into a long-term financing agreement for US$50 million with MetLife comprising two loans of US$25 million with terms of ten and 15 years at an all-in cost of 2.70% and 2.96% respectively, giving a blended rate for ten years of 2.83% (the "Long-Term Financing Agreement").

Directors' Report

Continued

Directors

Details of the Directors of the Company who were in office during the year to 31 January 2024 and up to the date of this report are shown on pages 36 to 38. Dame Susan Rice is the Chair and Charles Park is the Senior Independent Director.

No contract or arrangement existed during the period in which any of the Directors was materially interested. No Director has a service contract with the Company.

Directors' & Officers' Liability Insurance

The Company maintains insurance in respect of Directors' and Officers' liabilities in relation to their acts on behalf of the Company for the year to 31 January 2024 and up to the date of this report. Each Director of the Company shall be 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 in the execution of his duties in relation to the affairs of the Company. These rights are included in the Articles of Association of the Company.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is shown on pages 42 to 46.

Substantial Interests

As at 31 January 2024 the Company had received notification or was aware of the following interests in its Ordinary shares:

Shareholder	Number of shares held	% held
Rathbone Brothers	15,650,873	11.4
Interactive Investor	13,549,192	9.9
RBC Brewin Dolphin	9,058,737	6.6
1607 Capital Partners	7,161,186	5.2
Hargreaves Lansdown	7,112,843	5.2
Canaccord Genuity Wealth Management	6,852,060	5.0
Allspring Global Investments	5,575,262	4.1
Charles Stanley	4,876,459	3.6
EFG Harris Allday	4,480,436	3.3
WM Thomson	4,379,920	3.2

In the period between 31 January 2024 and 4 April 2024, the Company was notified that Canaccord Genuity Wealth Management held 6,834,528 shares (5.0% of shares in issue) as at 15 March 2024 and 6,802,785 (5.0% of the shares in issue) as at 20 March 2024. There have been no other changes to the above interests in the Company's shares notified as at 4 April 2024.

Accountability and Audit

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she could reasonably be expected to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Audit Committee has reviewed the services provided by the auditor during the year, together with the auditor's fees and procedures in connection with the provision of non-audit services. There were no non-audit service fees paid during the year. The Board remains satisfied that PricewaterhouseCoopers LLP's objectivity and independence is being safeguarded.

Going Concern

The Company's assets consist substantially of securities in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale and which can be sold to meet funding commitments if necessary.

The Board has set gearing limits and regularly reviews actual exposures, cash flow projections and compliance with banking covenants.

The Company undertakes a continuation vote every three years. The last continuation vote was passed at the AGM held in June 2021 with 98.6% of votes in favour. Based on feedback from major shareholders, the Directors consider that it is reasonable to assume that the continuation vote will be passed at the AGM to be held in June 2024 and therefore that the Company will continue in existence.

The Board has considered the impact of geopolitical developments and believes that there will be a limited resulting financial impact on the Company's portfolio, its operational resources and existence. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Company has the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

Taking the above factors into consideration, the Directors have a reasonable expectation 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, the Board continues to adopt the going concern basis in preparing the financial statements.

Annual General Meeting

The Notice of General Meeting is included on pages 103 to 107. Among the resolutions being put at the Annual General Meeting ("AGM") of the Company to be held on 21 June 2024 at 12.00 Noon, the following resolutions will be proposed as special business:

(i) Aggregate fees payable to Directors

The Board carried out a review of the level of Directors' fees during the financial year. The resulting increases, which were effective from 1 February 2024, are detailed in the Directors' Remuneration Report on pages 50 and 51.

In view of these increases in fees, and in order to ensure that the Board has ongoing flexibility to manage succession planning and attract candidates of appropriate expertise and calibre to the role, Resolution 3, an ordinary resolution, will seek shareholders' approval to increase the maximum aggregate limit of remuneration of the Directors each year in respect of their services as Directors from £175,000 to £250,000. Whilst the Board does not intend to rely on this increase, it is believed to be necessary and appropriate, in line with peer companies, and will be a more appropriate cap for the foreseeable future.

(ii) Continuation of the Company

Resolution 10, which is an ordinary resolution, will, if approved, allow the Company to continue as an investment trust company.

(iii) Section 551 Authority to Allot Shares

Resolution 11, which is an ordinary resolution, seeks to renew the Directors' authority under section 551 of the Companies Act to allot shares (excluding treasury shares) up to an aggregate nominal amount of £2,246,724 or, if less, the number representing 33.33% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution. This authority will expire on 31 July 2025 or, if earlier, at the conclusion of the AGM to be held in 2025 (unless previously revoked, varied or extended). The Directors will only exercise this authority if they believe it is advantageous and in the best interests of shareholders. There are no treasury shares in issue.

(iv) Dis-application of Pre-emption Provisions

Resolution 12, which is a special resolution, seeks to renew the dis-application of statutory pre-emption rights in relation to the issue of shares (or sale of shares out of treasury) up to an aggregate nominal amount of £680,825 or, if less, the number representing 10% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution. This authority will expire on 31 July 2025 or, if earlier, at the conclusion of the AGM to be held in 2025. The Directors will only exercise this authority if they believe it is advantageous and in the best interests of shareholders. Ordinary shares would only be issued for cash at a price not less than the NAV per share.

(v) Share Repurchases

Resolution 13, which is a special resolution, seeks to renew the Company's authority for the Company to make market purchases of its own Ordinary shares, up to a maximum of 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution. Shares so repurchased will be cancelled or held in treasury.

The principal reasons for share buybacks are:

- to enhance net asset value for continuing shareholders by purchasing shares at a discount to the prevailing net asset value; and
- to address any imbalance between the supply of and demand for the Company's shares that results in a discount of the quoted market price to the published NAV per share.

Recommendation

The Directors believe that the resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole and recommend that shareholders vote in favour of the resolutions, as the Directors intend to do in respect of their own beneficial shareholdings totalling, in aggregate, 47,718 Ordinary shares, and representing 0.04% of the existing issued Ordinary share capital of the Company.

By order of the Board
abrdn Holdings Limited
Secretary, Edinburgh
4 April 2024

Statement of Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is shown on pages 39 to 41.

Compliance

The Company is committed to high standards of corporate governance. The Board is responsible for good governance and, as required by the Listing Rules of the UK Listing Authority, this statement describes how the Company applied the principles set out in the UK Corporate Governance Code published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's website: **frc.org.uk.**

The Company is also a member of the Association of Investment Companies ('AIC'), which has published its own Code of Corporate Governance (the 'AIC Code'), published in 2019, that seeks to codify best practice of particular relevance to investment trusts. The AIC Code is available on the AIC's website: **theaic.co.uk.**

The Board confirms that, during the year to 31 January 2024, the Company complied with the recommendations of the AIC Code and the relevant principles and provisions of the UK Code.

The UK Code includes provisions relating to:

1. interaction with the workforce (provisions 2, 5 and 6)
2. the role of the chief executive (provision 14);
3. executive Directors' remuneration (provisions 33, 36 and 40);

The Board considers that these provisions 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.

Further details of the Company's compliance with the above Corporate Governance codes can be found on its website.

The Board

The Board currently consists of five Non-Executive Directors and is chaired by Dame Susan Rice. Charles Park is the Senior Independent Director. All Directors are considered by the Board to be independent of the Company and the Manager, and free of any material relationship with the Manager which could interfere with the exercise of their independent judgment.

The Board takes the view that independence is not necessarily compromised by length of tenure on the Board, and this is consistent with the AIC Code. The Company benefits from a balance of Directors with different tenures, different backgrounds and a wide variety of experience, which the Board believes contributes significantly to its strength as a whole. Details of the Board's approach to succession planning and annual performance evaluation can be found on page 45.

Biographies of the Board members, including their relevant experience, appear on pages 36 to 38. These demonstrate that each Director has the requisite expertise and range of business skills, investment and financial experience. The current composition enables the Board to lead effectively, with proper stewardship of the Company and independent oversight of the Manager.

The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Manager under the terms of the Management Agreement.

In terms of authorities, the Board has a schedule of matters reserved to it for decision, which is reviewed annually. The requirement for Board approval on these matters is communicated directly to the senior staff of the Manager. Such matters include strategy, performance, dividend policy, gearing policy, promotional activity, changes in Board composition, communication with shareholders and corporate governance matters.

Statement on 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 of and is keen to promote the principle of diversity, inclusion and equal opportunity in the recruitment of new Board members.

The Board welcomes applications from any background regardless of age, gender, race, sexual orientation, religion, ethnic or national origins or disability. 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 at all times have regard to the relatively small size of the Board and the targets set out in the FCA's Listing Rule 9.8.6R (9)(a), which are reported in the tables on page 43.

As an externally managed investment company, the Company employs no executive staff, and therefore does not have a chief executive officer (CEO) or a chief financial officer (CFO), both of which are deemed senior board positions by the FCA. Other senior board positions recognised by the FCA are Chair of the Board and Senior Independent Director (SID). In accordance with guidance from the FCA and the Association of Investment Companies (AIC), the Board has not recognised the Chair of the Audit Committee to be a senior board position for the purpose of this statement.

The following information has been provided by each Director. The Board has resolved that the Company's year end date is the most appropriate date for disclosure purposes. There have been no changes since the Company's year end that have affected its ability to meet the targets set in LR 9.8.6R (9)(a).

Board Gender as at 31 January 2024

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

Board Ethnic Background as at 31 January 2024

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	100%	2 (Note 3)		
Mixed/Multiple Ethnic Groups	-	-	-		
Asian/Asian British	-	-	-	(Note 4)	(Note 4)
Black/African/Caribbean/Black British	-	-	-		
Other ethnic group, including Arab	-	-	-		
Not specified/prefer not to say	-	-	-		

Notes:

1. The Company meets the target that at least 40% of Directors are women as set out in LR 9.8.6R (9)(a)(i) for the year ended 31 January 2024.
2. The Company meets the target set out in LR 9.8.6R (9)(a)(ii) for the year to 31 January 2024 as the Chair is a woman.
3. The Company does not meet the target that at least one Director is from a minority ethnic background as set out in LR 9.8.6R (9)(a)(iii). *However, as announced in the Chair's Statement, the Board will conduct a search process for a new Non-Executive Director. The Board will encourage the external recruitment consultant to have as ethnically diverse a search process as possible and will consider the Listing Rule targets along with the skills and qualifications of each individual, to make a decision based on merits.*
4. This column is not applicable as the Company is externally managed and does not have any executive staff.

Statement of Corporate Governance

Continued

The Role of the Chair and Senior Independent Director

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

Charles Park is the Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chair and as an intermediary for other Directors, when necessary. The Senior Independent Director is also available to shareholders to discuss any concerns they may have. Working closely with the other Directors, the Senior Independent Director takes responsibility for an orderly succession process for the Chair and leads the annual appraisal of the Chair's performance. In the recent process for the succession planning of the Chair, Charles Park, recused himself from discussion, given that he put himself forward as a candidate for the role. At the conclusion of the upcoming AGM, and upon retirement of Dame Susan Rice, Charles Park will become the Chair of the Board and Patrick Edwardson has agreed to step up to the role of Senior Independent Director at the same time.

Meetings

The Board normally meets at least four times a year, and more frequently where business needs require. Full and timely information is provided to the Board in order to enable the Board to function effectively and to allow Directors to discharge their responsibilities. At each meeting the Board reviews the following:

- Reports from the Manager covering stock market environment, portfolio activities, performance and investment outlook;
- Company financial information including revenue forecasts, balance sheet and gearing position;
- Shareholder analysis and investor relations;
- Regulatory issues and industry matters;
- Reports from other service providers such as brokers and depositary.

The table below sets out the number of scheduled Board and Committee meetings attended by each Director during the year compared to the total number of meetings that each Director was entitled to attend.

	Board	Audit Committee	Management Engagement Committee
Susan Rice [1]	4/4	2/2	1/1
Patrick Edwardson	4/4	2/2	1/1
Karyn Lamont	4/4	2/2	1/1
Susannah Nicklin	4/4	2/2	1/1
Charles Park	4/4	2/2	1/1

[1] Attended Audit Committee meetings as an observer.

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 or interests 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 monitors these direct and indirect interests of each Director on a regular basis, deciding whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Directors ability to act in accordance with his or her 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.

The Board has concluded that there were no situations or contracts which gave rise to an interest of a Director which conflicted with the interests of the Company during the year.

The Board adopts a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery. It is the Company's policy to conduct all of its business in an honest and ethical manner. Copies of the Manager's anti-bribery and corruption policies are available on its website.

Performance Evaluation

An appraisal of each Director, including the Chair, and of the operation of the Board and its Committees is undertaken on an annual basis. The process is based upon individual discussions between each Director and the Chair; the Chair's performance appraisal is led by the Senior Independent Director. Following these appraisals, the Board confirms that all Directors contribute to the effective running of the Company.

The Board has also specifically reviewed the Chair's and Directors' other commitments and is satisfied that all individuals are capable of and are devoting sufficient time to the Company. This includes the Directors with a relatively higher number of other non-executive director commitments, who have continually shown, through responsiveness and presence, their commitment to the Company.

The Directors assessed the collective performance of the Board as a whole against the requirements of the Company's business and the need to have a balanced Board and concluded that their aggregate balance of abilities, perspective and experience is appropriate and secures the right measure of continuity for the Board as a whole.

The Company is not required to undertake an external evaluation of the effectiveness of the Board as it is not a constituent of the FTSE 350. No external evaluation was conducted during the year as the Board concluded that it would not add value at this time. This approach will be kept under review.

There are no separate Nominations or Remuneration Committees. In view of the size of the Board, Director appraisals, succession planning, new appointments, training and remuneration are considered by the Board as a whole.

Succession Planning and Appointment Process

The Board is mindful of the importance of having a suitable mapped board succession and renewal process and has established an orderly succession plan. In line with the Company's strong commitment to its corporate governance responsibilities, the Board regularly reviews its performance and structure to ensure it has the correct mix of relevant skills, diversity and experience for the effective conduct of the Company's business to complement the existing composition of the Board.

New Board appointments are identified against the requirements of the Company's business and the need to have a balanced Board. A description of the required role for a new appointment is prepared and nominations of Directors are sought. External search consultants are used to ensure that a wide range of candidates can be considered. Appointments are made by the Board on merit, taking into account the benefits of diversity. The Board's Statement on Diversity can be found on pages 42 and 43.

New Directors are given an appropriate induction from the Manager covering legal responsibilities, the Manager's operations and investment trust matters. All Directors are entitled to receive appropriate training as deemed necessary. Details of remuneration are contained within the Directors' Remuneration Report.

The Board has implemented the provisions of the UK Code whereby all Directors of the Company will stand for re-election on an annual basis. The Board has reviewed the skills and experience of each Director, and unanimously supports their re-election at the AGM on 21 June 2024. In view of the Board changes referenced on page 10, a search will be conducted, using an independent search consultant, for the appointment of a new Director.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. This is in addition to the access which every Director has to the advice and services of the company secretary, abrdn Holdings Limited, which is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

Audit Committee

The Audit Committee Report is contained on pages 47 to 49.

Internal Control and Risk Management

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. Further details on the risk management systems and internal controls can be found in the Audit Committee Report on pages 47 to 49.

Statement of Corporate Governance

Continued

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by the Company Chair. The Committee reviews the performance of the Manager, the investment process and risk controls and its compliance with the terms of the management and secretarial agreement. The terms of reference of the Management Engagement Committee, which are available on request and on the Company's website, are reviewed on an annual basis. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee at least on an annual basis.

The Committee concludes that the Manager has met the terms of its agreement with the Company. Following a review of management fees and ongoing charges, the Committee believes these are reasonable and appropriately competitive but will continue to be monitored. Taking these factors into account, the Committee and the Board believes that the current appointment of the Manager on the terms agreed is in the interests of shareholders as a whole. The Company benefits from the expertise of the Manager's team of investment professionals. The Board continues to keep this matter under review.

ESG Investing

Details of the Manager's approach to ESG integration in Equities is provided on pages 93 to 96.

The UK Stewardship Code and Proxy Voting

The Company supports the UK's 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.

The full text of the Company's response to the Stewardship Code may be found on its website.

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.

Relations with Shareholders

The Directors believe in good communication with shareholders. The annual and half yearly reports are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company, including its latest annual and half yearly reports and other publications on its website, **northamericanincome.co.uk**. The Board welcomes correspondence from shareholders addressed to the Company's registered office or by email to **northamericanincome@abrdn.com** and responds to such correspondence on an individual basis. The Manager maintains contact with institutional shareholders and feeds back shareholder views to the Board.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required.

The notice of the AGM, included within this Annual Report and financial statements, is normally sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions at the Company's AGM. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands.

Report of the Audit Committee

Membership and Responsibilities

The Audit Committee is chaired by Karyn Lamont, who is a chartered accountant, and comprises all Directors, with the exception of the Company Chair, who attends meetings but is not a member. The Committee is satisfied that it has the necessary recent and relevant financial experience and competence relevant to the investment trust sector in order to fulfil its responsibilities.

The Audit Committee meets at least twice a year and considers reports from the auditor and the Manager's internal audit, risk and compliance functions. The terms of reference of the Audit Committee, which are available on request and on the Company's website, are reviewed on an annual basis. The main responsibilities of the Audit Committee are:

- to review the half yearly and annual financial statements of the Company, the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements.
- to assess whether the Annual Report, including the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- to review and monitor the internal control systems and risk management systems on which the Company is reliant.
- to consider annually whether there is a need for the Company to have its own internal audit function.
- to develop and implement policy on the engagement of the auditor to supply non-audit services.
- to review the arrangements in place within the Manager whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing').
- to make recommendations to the Board in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor.
- to consider the auditor's reports, including the audit strategy and findings.
- to review annually the auditor's independence, objectivity, effectiveness, resources and qualification.

The respective responsibilities of the Directors and the auditor in connection with the financial statements appear on pages 53 and pages 60 and 61, respectively.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report. It is regularly reviewed by the Board and accords with the Financial Reporting Council's (FRC) Guidance.

The Directors have delegated the investment management of the Company's assets to the Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Manager's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

The Board has reviewed, through management reports, the effectiveness of the Company's risk management and internal control systems. It has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The Board confirms that it has undertaken a robust assessment of the Company's emerging and principal risks during the year and these are set on pages 13 to 16.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC Guidance, and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

In addition, the Board has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers (see pages 13 to 16). A monitoring system is undertaken whereby the controls to mitigate these risks, and the impact of the residual risks, are assessed regularly. The risk matrix is formally reviewed on at least a six monthly basis. The review includes identification of newly emerging risks.

Report of the Audit Committee

Continued

Note 18 to the financial statements provides further information on risks. The key components designed to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance; the emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception;
- the Board and Manager have agreed clearly-defined investment criteria, specified levels of authority and exposure limits. Reports on these, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- the Manager's internal audit, risk and compliance departments continually review the Manager's operations and reports to the Audit Committee on a six monthly basis. The Manager's internal audit team has direct access to the Audit Committee at any time;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- an independent depositary, BNP Paribas Trust Corporation UK Limited, is appointed to safeguard the Company's investments, which are registered in the name of the depositary's nominee company: and
- at its March 2024 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 January 2024 by considering documentation from the Manager, including the internal audit, risk and compliance functions, and taking account of events since 31 January 2024.

The Audit Committee continues to believe that the Company does not require an internal audit function of its own as the Company delegates its day-to-day operations and risk controls to the Manager which operates an internal audit function. The Committee receives appropriate reporting on internal controls and risk management from the Manager.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and, by their nature, can only provide reasonable and not absolute assurance, against material misstatement or loss.

Significant Accounting Issues

The Committee specifically considered a number of matters related to the Company's financial statements during the year:

- Valuation, existence and ownership of investments: The valuation of investments is undertaken in accordance with the stated accounting policies. All investments are in quoted securities in active markets, are considered to be liquid and have been largely categorised as Level 1 within FRS 102 fair value hierarchy. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company used the services of an independent depositary (BNP Paribas Trust Corporation UK Limited) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager and the external audit includes independent verification of the valuation and existence of all investments.
- Recognition of Investment Income: The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements on page 68. The Directors regularly review the Company's income, including income received, revenue forecasts and dividend comparisons.
- Compliance with Sections 1158 and 1159 of the Corporation Tax Act 2010: Approval for the Company as an investment trust under Sections 1158 and 1159 for financial years commencing on or after 1 February 2012 has been obtained and ongoing compliance with the eligibility criteria is monitored on a regular basis.
- Consideration of the Company to continue as a going concern: In addition to the usual considerations and the principal and emerging risks, the Committee also specifically considered the potential impact of the continuation vote scheduled for June 2024 on our going concern assessment. We considered relevant factors such as the Company's performance, discount history, current feedback and views from shareholders as well as historic experience of continuation vote.

Review of Independent Auditors

The Audit Committee has reviewed the independence and the effectiveness of the auditor, PricewaterhouseCoopers LLP, as follows:

- The auditor's report on an annual basis the steps it takes to ensure its independence and objectivity and confirms that it has complied with the relevant UK independence guidelines. The level of non-audit services provided by the auditors is assessed and for the year ended 31 January 2024 there were no non-audit services provided.
- The Committee considers the experience, continuity and tenure of the audit team, including the audit partner. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit partner. PricewaterhouseCoopers LLP was appointed as the Company's auditor in June 2020 and therefore the year to 31 January 2024 was the fourth year served by PricewaterhouseCoopers LLP's senior statutory auditor, Shujaat Khan.
- The Committee assesses the level of audit service annually. The audit plan is reviewed well in advance and subsequent audit findings are reported comprehensively in a timely manner and are resolved satisfactorily. The auditor has a constructive working relationship with both the Board and the Manager.

The Committee was satisfied with the effectiveness and independence of PricewaterhouseCoopers LLP as auditor for the year ended 31 January 2024.

Shareholders will have the opportunity to vote on the re-appointment of PricewaterhouseCoopers LLP as auditor at the forthcoming AGM on 21 June 2024.

Karyn Lamont
Audit Committee Chair
4 April 2024

Directors' Remuneration Report

The Board has prepared this Remuneration Report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises three parts:

i. A Remuneration Policy, which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the AGM on 8 June 2023;

ii. An annual Implementation Report which provides information on how the Remuneration Policy has been applied during the year and which will be subject to an advisory vote;

iii. An Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 54 to 61.

The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future, except for the level of Directors' fees, as set out in the Implementation Report below.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of the UK Corporate Governance Code and the AIC's recommendations regarding the application of those principles to investment companies. No shareholder views were sought in setting the Remuneration Policy although any comments received from shareholders would be considered on an ongoing basis.

As the Company has no employees and the Board is comprised wholly of non-executive Directors and given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

Directors' Fees

The Directors' fees are set within the limits of the Company's Articles of Association which limit the aggregate fees payable to the Board of Directors per annum, currently £175,000 (or, if Resolution 3 is approved by shareholders at the 2024 AGM, to £250,000 per annum). Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Fee rates are established by taking reports from external sources as to current market levels. Fees for the years commencing 1 February 2023 and 1 February 2024 are shown below.

	1 February 2024 £	1 February 2023 £
Chair	**42,000**	38,500
Chair of Audit Committee	**32,500**	31,000
Senior Independent Director[1]	**32,000**	28,500
Director	**30,000**	28,500

[1] New fee for Senior Independent Director ("SID") applicable from 21 June 2024, after the AGM; no additional fee was payable to the SID for the year ended 31 January 2024.

Appointment

- The Company only appoints non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first AGM after their appointment and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable at the time of appointment.
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.
- The Directors are entitled to be re-imbursed for out-of-pocket expenses incurred in connection with performing their duties including travel expenses.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.
- Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The Directors' Remuneration Policy was last approved by shareholders on 8 June 2023.

Implementation Report

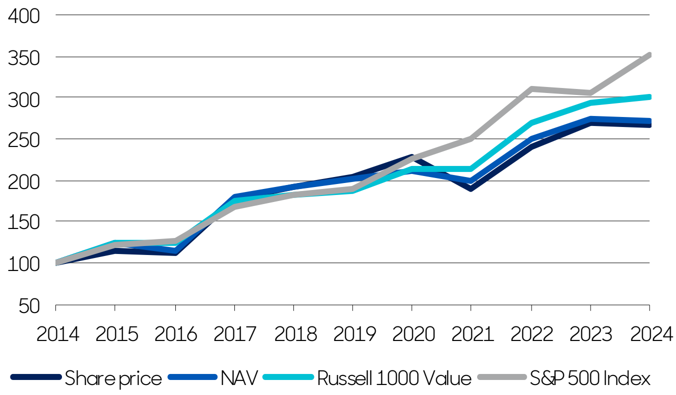
Directors' Fees

The Board carried out a review of the level of Directors' fees during the year, with reference to external sources on market rates, and concluded that they should be increased, as shown in the table on page 50, with effect from 1 February 2024. The Board considered the increase necessary in order to attract and retain directors of a suitable calibre for the non-executive director role. It is also considered appropriately commensurate with inflation as well as the time commitment required of Directors to adequately discharge their responsibilities. The last increase in fees was effective from 1 February 2023.

There are no further fees to disclose as the Company has no employees or executive directors.

Company Performance

During the year the Board carried out a review of investment performance. The following graph shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from the Russell 1000 Value Index and S&P 500 indices (in sterling terms) for the ten year period to 31 January 2024 (rebased to 100 at 31 January 2014). The Russell 1000 Value Index is the primary reference index used for investment performance measurement.



Statement of Voting at General Meeting

At the Company's last AGM, held on 8 June 2023, shareholders approved the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2023: 99.3% of proxy votes were in favour of the resolution, 0.5% were against, and 0.2% abstained.

At the AGM held on 8 June 2023, shareholders approved the Directors' Remuneration Policy with 99.2% of proxy votes in favour of the resolution, 0.5% against and 0.3% abstained.

A resolution to receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 January 2024 will be proposed at the AGM.

Directors' Remuneration Report

Continued

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. However, for ease of reference, the total fees paid to Directors are shown in the table below while dividends paid to shareholders are set out in note 9 of the financial statements and share buybacks are detailed in note 15 to the financial statements.

Fees Payable (Audited)

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

Director	2024 £	2023 £
Susan Rice	**38,500**	35,500
Patrick Edwardson[1]	**28,500**	15,167
Karyn Lamont	**31,000**	28,500
Susannah Nicklin	**28,500**	26,000
Charles Park	**28,500**	26,000
Total	**155,000**	131,167

[1] Appointed on 1 July 2022.

Fees are pro-rated where a change takes place during a financial year. All fees are at a fixed rate and there is no variable remuneration. There were no payments to third parties from the fees referred to in the table above and none of the Directors received taxable benefits.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees over the last four years.

Director	2024 (%)	2023 (%)	2022 (%)	2021 (%)
Susan Rice[1]	8.4	43.4	10.0	0
Patrick Edwardson[2]	9.6	n/a	n/a	n/a
Karyn Lamont	8.8	7.5	6.0	0
Susannah Nicklin	9.6	8.3	6.7	0
Charles Park	9.6	8.3	6.7	0

[1] Appointed Chair on 1 January 2022 and her rate of fee increased on that date.
[2] Appointed on 1 July 2022 so the fee increase is based on the equivalent annual fee payable as opposed to the pro-rata fee paid.

Directors' Interests in the Company (Audited)

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 January 2024 and 31 January 2023 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 Jan 2024 No. Ord 5p	31 Jan 2023 No. Ord 5p
Susan Rice	**675**	675
Patrick Edwardson	**30,000**	30,000
Karyn Lamont	**3,000**	3,000
Susannah Nicklin	**3,577**	3,043
Charles Park	**11,000**	11,000

There have been no changes to the Directors' share interests since the year end.

Annual Statement

In accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Board confirms that the above Directors' Remuneration Report summarises, as applicable, for the year ended 31 January 2024:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions have been taken

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Dame Susan Rice
Chair
4 April 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required 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 its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Corporate Governance Statement that complies 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider this Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of
The North American Income Trust plc
Dame Susan Rice
Chair
4 April 2024

Independent auditor's report to the members of The North American Income Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, The North American Income Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2024 and of its return and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 January 2024; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

The North American Income Trust plc is an Investment Trust Company listed on the London Stock Exchange and invests predominantly in US equities. The operations of the Company are located in the UK and US. We focus our audit work primarily on the valuation and existence of investments and income from and gains/losses on investments.

Overview

Audit scope

- The Company is a standalone Investment Trust Company and engages abrdn Fund Managers Limited (the "AIFM") to manage its assets.
- We conducted our audit of the financial statements using information from the AIFM, the Depositary and the Administrator to whom the AIFM has engaged to provide certain administrative services.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the AIFM and the Administrator and adopted a fully substantive testing approach using reports obtained from the AIFM and the Administrator.

Key audit matters

- Income from and gains/losses on investments
- Valuation and existence of investments
- Ability to continue as a going concern (Continuation Vote)

Materiality

- Overall materiality: £4,364,000 (2023: £4,728,000) based on approximately 1% of Net Assets.
- Performance materiality: £3,273,000 (2023: £3,546,000).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Independent auditor's report to the members of The North American Income Trust plc

Continued

Ability to continue as a going concern (Continuation Vote) is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Income from and gains/losses on investments *Refer to Note 2 Accounting policies, Note 4 Income and Note 11 Investments at fair value through profit or loss.* We focused on the accuracy, occurrence and completeness of investment income as incomplete or inaccurate income could have a material impact on the Company's net asset value. We also focused on the accounting policy for income recognition and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP') as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with the stated accounting policy. We found that the accounting policies implemented were in accordance with accounting standards and the AIC SORP, and that income has been accounted for in accordance with the stated accounting policy. The gains/losses on investments held at fair value comprise of realised and unrealised gains/losses. For unrealised gains/losses, we tested the valuation of the portfolio at the year-end, together with testing the opening to closing reconciliation of investments. For realised gains/losses, we tested a sample of disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. In addition, we tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data. We tested occurrence by testing that all dividends recorded in the year had been declared in the market. We also tested the allocation and presentation of income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by assessing the treatment applied in the context of the underlying facts and circumstances of a sample of special dividends and written options. No material misstatements were identified from this testing.
Valuation and existence of investments *Refer to the Note 2, Accounting policies and Note 11 Investments at fair value through profit or loss.* The investment portfolio at 31 January 2024 comprised listed investments of £455million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value of the Company as disclosed in the Statement of Financial Position in the financial statements.	We tested the valuation of all listed investments by agreeing the prices used in the valuation to independent third-party sources. We tested the existence of all investments by agreeing the holdings of all investments to an independent confirmation from the Depositary, BNP Paribas Trust Corporation UK Limited as at 31 January 2024. No material misstatements were identified from this testing.

Key audit matter	How our audit addressed the key audit matter
Ability to continue as a going concern (Continuation Vote) A continuation vote is due to take place at the next Annual General Meeting in 2024, which, if passed, will allow the Company to continue as an investment trust. As such, the Directors have considered and assessed the potential impact on the ability of the Company to continue as a going concern. The Directors have concluded, based on their assessment and discussions with key investors, that the Company will be able to continue its operations and meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements.	The procedures we performed and our conclusions on going concern are included in the Conclusions relating to going concern section below.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

The Company is a standalone authorised, closed ended investment company that has outsourced the management and safekeeping of its assets to the AIFM and BNP Paribas Trust Corporation UK Limited respectively. The Company's accounting is delegated to the AIFM who provide company secretarial and administrative services. We applied professional judgement to determine the extent of testing required over each balance in the financial statements and obtained our audit evidence, which was substantive in nature, from the AIFM and the Administrator. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where subjective judgements are made, for example in respect of classification of special dividends and option premium received.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£4,364,000 (2023: £4,728,000).
How we determined it	Approximately 1% of Net Assets
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

Independent auditor's report to the members of The North American Income Trust plc

Continued

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £3,273,000 (2023: £3,546,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £218,000 (2023: £236,400) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' updated risk assessment and considering whether it addressed relevant threats;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses and debt repayments, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers;
- assessing the implication of significant reductions in Net Asset Value (NAV) as a result of market performance on the ongoing ability of the Company to operate; and
- reviewing the Directors' assessment of going concern in relation to the passing of the continuation vote, including assessing the stability of the shareholder register, engagement with key shareholders, the financial performance of the Company compared to its performance benchmark and the result of previous continuation votes.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 January 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Statement of Corporate Governance is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance

Independent auditor's report to the members of The North American Income Trust plc

Continued

Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to overstate the value of investments and increase the net asset value of the Company. Audit procedures performed by the engagement team included**:**

- discussions with the Directors, the AIFM and Company Secretary including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

- reviewing relevant meeting minutes, including those of the Audit Committee and Board of Directors;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- identifying and testing higher risk manual journal entries posted during the preparation of the financial statements and incorporating an element of unpredictability around the nature, timing or extent of our testing; and
- assessing the judgements applied in respect of special dividends and option premium received.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities.** This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

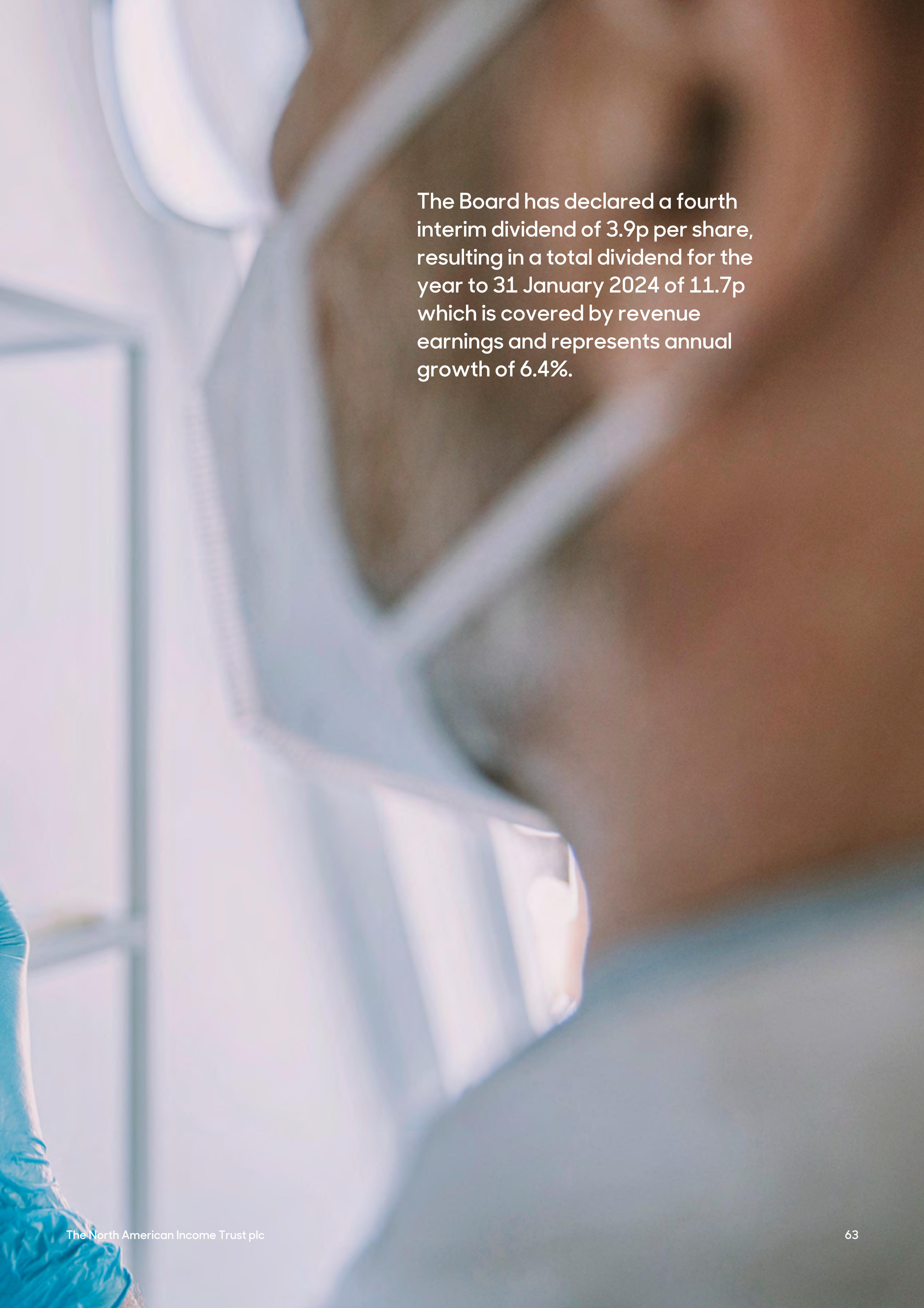
Appointment

Following the recommendation of the Audit Committee, we were appointed by the Directors on 2 June 2020 to audit the financial statements for the year ended 31 January 2021 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 January 2021 to 31 January 2024.

Shujaat Khan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
4 April 2024

Financial Statements

The Company invests in Medtronic plc, a company that develops therapeutic and diagnostic medical products for a wide range of conditions, diseases and disorders.



The Board has declared a fourth interim dividend of 3.9p per share, resulting in a total dividend for the year to 31 January 2024 of 11.7p which is covered by revenue earnings and represents annual growth of 6.4%.

Statement of Comprehensive Income

		Year ended 31 January 2024			Year ended 31 January 2023		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments	11	**–**	**(25,504)**	**(25,504)**	–	28,105	28,105
Net currency gains/(losses)	3	**–**	**1,375**	**1,375**	–	(1,557)	(1,557)
Income	4	**21,952**	**620**	**22,572**	22,295	731	23,026
Investment management fee	5	**(894)**	**(2,088)**	**(2,982)**	(947)	(2,209)	(3,156)
Administrative expenses	7	**(943)**	**–**	**(943)**	(854)	–	(854)
Return before finance costs and taxation		**20,115**	**(25,597)**	**(5,482)**	20,494	25,070	45,564
Finance costs	6	**(368)**	**(858)**	**(1,226)**	(354)	(825)	(1,179)
Return before taxation		**19,747**	**(26,455)**	**(6,708)**	20,140	24,245	44,385
Taxation	8	**(3,079)**	**614**	**(2,465)**	(3,014)	447	(2,567)
Return after taxation		**16,668**	**(25,841)**	**(9,173)**	17,126	24,692	41,818
Return per Ordinary share (pence)	10	**11.95**	**(18.53)**	**(6.58)**	12.21	17.60	29.81

The total column of this statement 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 on pages 68 to 86 are an integral part of the financial statements.

Statement of Financial Position

	Note	As at 31 January 2024 £'000	As at 31 January 2023 £'000
Fixed assets			
Investments at fair value through profit or loss	11	**454,932**	486,940
Current assets			
Prepayments and accrued income	12	**846**	784
Other debtors	12	**105**	1,891
Cash at bank and in hand		**21,285**	26,699
		22,236	29,374
Creditors: amounts falling due within one year			
Other creditors	13	**(1,491)**	(2,880)
		(1,491)	(2,880)
Net current assets		**20,745**	26,494
Total assets less current liabilities		**475,677**	513,434
Creditors: amounts falling due after more than one year			
Senior Loan Notes	14	**(39,198)**	(40,543)
Net assets		**436,479**	472,891
Capital and reserves			
Called up share capital	15	**6,868**	7,012
Share premium account		**51,806**	51,806
Capital redemption reserve		**15,748**	15,604
Capital reserve		**340,003**	373,828
Revenue reserve		**22,054**	24,641
Total shareholders' funds		**436,479**	472,891
Net asset value per Ordinary share (pence)	16	**317.78**	337.21

The financial statements on pages 64 to 86 were approved and authorised for issue by the Board on 4 April 2024 and were signed on its behalf by:

Dame Susan Rice
Director

The accompanying notes on pages 68 to 86 are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 January 2024

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 February 2023	**7,012**	**51,806**	**15,604**	**373,828**	**24,641**	**472,891**
Buyback of Ordinary shares	**(144)**	**–**	**144**	**(7,984)**	**–**	**(7,984)**
Return after taxation	**–**	**–**	**–**	**(25,841)**	**16,668**	**(9,173)**
Dividends paid (see note 9)	**–**	**–**	**–**	**–**	**(19,255)**	**(19,255)**
Balance at 31 January 2024	**6,868**	**51,806**	**15,748**	**340,003**	**22,054**	**436,479**

For the year ended 31 January 2023

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 February 2022	7,034	51,806	15,582	350,388	23,653	448,463
Buyback of Ordinary shares	(22)	–	22	(1,252)	–	(1,252)
Return after taxation	–	–	–	24,692	17,126	41,818
Dividends paid (see note 9)	–	–	–	–	(16,138)	(16,138)
Balance at 31 January 2023	7,012	51,806	15,604	373,828	24,641	472,891

The accompanying notes on pages 68 to 86 are an integral part of the financial statements.

Statement of Cash Flows

	Note	Year ended 31 January 2024 £'000	Year ended 31 January 2023 £'000
Operating activities			
Net return before taxation		**(6,708)**	44,385
Adjustments for:			
Net losses/(gains) on investments	11	**25,410**	(27,997)
Net (gains)/losses on foreign exchange transactions		**(1,375)**	1,557
Decrease/(increase) in dividend income receivable	12	**(60)**	(54)
Increase in fixed interest income receivable	12	**(2)**	(134)
(Decrease)/increase in derivatives	13	**(102)**	240
Decrease/(increase) in other debtors	12	**155**	(146)
(Decrease)/increase in other creditors	13	**(53)**	129
Tax on overseas income	8	**(2,465)**	(2,567)
Amortisation of senior loan note expenses	6	**–**	5
Accretion of fixed income book cost	11	**(94)**	(1)
Net cash inflow from operating activities		**14,706**	15,417
Investing activities			
Purchases of investments		**(140,765)**	(186,765)
Sales of investments		**147,854**	199,772
Net cash generated from investing activities		**7,089**	13,007
Financing activities			
Equity dividends paid	9	**(19,255)**	(16,138)
Buyback of Ordinary shares		**(7,984)**	(1,252)
Net cash used in financing activities		**(27,239)**	(17,390)
(Decrease)/increase in cash and cash equivalents		**(5,444)**	11,034
Analysis of changes in cash and cash equivalents during the year			
Opening balance		**26,699**	13,875
Effect of exchange rate fluctuation on cash held	3	**30**	1,790
(Decrease)/increase in cash as above		**(5,444)**	11,034
Closing balance		**21,285**	26,699
Represented by:			
Cash at bank and in hand		**21,285**	26,699

The accompanying notes on pages 68 to 86 are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 January 2024

1 Principal activity

The Company is a closed-end investment company, registered in Scotland No.SC005218, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

A summary of the principal accounting policies, all of which, unless otherwise stated, have been consistently applied throughout the year and the preceding year, is set out below.

(a) **Basis of preparation and going concern**. The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and with the 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 a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

Going concern. The Company's assets consist substantially of securities in companies listed on recognised stock exchanges and in normal circumstances are realisable within a short timescale and which can be sold to meet funding commitments if necessary.

The Board has set gearing limits and regularly reviews actual exposures, cash flow projections and compliance with banking covenants.

The Company undertakes a continuation vote every three years. The last continuation vote was passed at the AGM held in June 2021 with 98.6% of votes in favour. Based on feedback from major shareholders, the Directors consider that it is reasonable to assume that the continuation vote will be passed at the AGM to be held in June 2024 and therefore that the Company will continue in existence.

The Board has considered the impact of geopolitical developments and believes that there will be a limited resulting financial impact on the Company's portfolio, its operational resources and existence. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Company has the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

Taking the above factors into consideration, the Directors have a reasonable expectation 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, the Board continues to adopt the going concern basis in preparing the financial statements.

Significant estimates and judgements. Disclosure is required of judgements and estimates made by management in applying the accounting policies that have a significant effect on the financial statements. There are no significant estimates or judgements which impact these financial statements.

(b) **Income**. Income from investments, 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 capital or revenue, according to the circumstances. The fixed returns on debt instruments are recognised using the time apportioned accruals basis and the discount or premium on acquisition is amortised or accreted on a straight line basis.

Interest receivable from cash and short-term deposits is recognised on the time apportioned accruals basis.

(c) Expenses. All expenses are accounted for on an accruals basis and are charged to the Statement of Comprehensive Income. Expenses are charged against revenue except as follows:

– transaction costs on the acquisition or disposal of investments are charged to capital in the Statement of Comprehensive Income;

– expenses are charged to capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect, the investment management fee is allocated 30% to revenue and 70% to capital to reflect the Company's investment policy and prospective income and capital growth.

(d) Taxation. The tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible (see note 8 for a more detailed explanation). The Company has no liability for current tax.

Deferred taxation is provided on all timing differences, that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Statement of Financial Position date, measured on an undiscounted basis and based on enacted tax rates. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods.

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

(e) Investments. The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and investments have been designated upon initial recognition at 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 time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are measured at fair value. For listed investments, this is deemed to be closing bid market prices. Gains and losses arising from changes in fair value and disposals are included as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

(f) Borrowings. Monies borrowed to finance the investment objectives of the Company are stated at the amount of the net proceeds immediately after issue plus cumulative finance costs less cumulative payments made in respect of the debt. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 30% to revenue and 70% to capital to reflect the Company's investment policy and prospective income and capital growth.

(g) Dividends payable. Interim and final dividends are recognised in the period in which they are paid.

(h) Nature and purpose of reserves

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity capital comprising Ordinary shares of 5p. This reserve is not distributable.

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. This reserve is not distributable.

Capital reserve. This reserve reflects any gains or losses on realisation of investments in the period along with any changes in fair values of investments held that have been recognised in the Statement of Comprehensive Income. The costs of share buybacks for treasury are also deducted from this reserve. This reserve is distributable although the amount that is distributable is complex to determine and is not necessarily the full amount of the reserve as disclosed within these financial statements.

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend. The amount of the revenue reserve as at 31 January 2024 may not be available at the time of any future distribution due to movements between 31 January 2024 and the date of distribution.

(i) **Foreign currency**. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Statement of Financial Position date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the realisation of foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve.

(j) **Traded options**. The Company may enter into certain derivative contracts (e.g. writing traded 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 received/paid on inception. The premium is recognised in the revenue column over the life of the contract period. Losses on any movement in the fair value of open contracts at the year end realised and on the exercise of the contracts are recorded in the capital column of the Statement of Comprehensive Income. For written options, where exercised, losses are treated as a realised loss, including where it is a component of the cost paid to acquire underlying securities on a written contract.

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.

(k) **Cash and cash equivalents**. Cash and cash equivalents comprise cash at bank.

3. Net currency gains/(losses)

	2024 £'000	2023 £'000
Gains on cash held	**30**	1,790
Gains/(losses) on Senior Loan Notes	**1,345**	(3,347)
	1,375	(1,557)

4. Income

	2024 £'000	2023 £'000
Income from overseas listed investments		
Dividend income	**14,879**	15,570
REIT income	**2,817**	2,816
Interest income from investments	**567**	167
	18,263	18,553
Other income from investment activity		
Traded option premiums	**3,781**	4,170
Deposit interest	**528**	303
	4,309	4,473
Total income	**22,572**	23,026

During the year, the Company was entitled to premiums totalling £3,781,000 (2023 - £4,170,000) in exchange for entering into option contracts. At the year end there were 6 (2023 - 5) open positions, valued at a liability of £162,000 (2023 - liability of £264,000) as disclosed in note 13. Losses realised on the exercise of derivative transactions are disclosed in note 11.

5. Investment management fee

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**894**	**2,088**	**2,982**	947	2,209	3,156

Management services are provided by abrdn Fund Managers Limited ("aFML"). The management fee has been charged at 0.75% of net assets up to £250 million, 0.6% between £250 million and £500 million, and 0.5% over £500 million, payable quarterly. Net assets equals gross assets after deducting current liabilities and borrowings and excluding commonly managed funds. The balance due to aFML at the year end was £755,000 (2023 - £810,000). The fee is allocated 30% to revenue and 70% to capital (2023 - same).

The management agreement between the Company and the Manager is terminable by either party on three months' notice. In the event of a resolution being passed at the AGM to wind up the Company the Manager shall be entitled to three months' notice from the date the resolution was passed. In the event of termination on not less than the agreed notice period, compensation is payable in lieu of the unexpired notice period.

Notes to the Financial Statements

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6. Finance costs

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank interest paid	**33**	**76**	**109**	1	2	3
Senior Loan Notes	**333**	**778**	**1,111**	351	819	1,170
Amortised Senior Loan Note issue expenses	**2**	**4**	**6**	2	4	6
	368	**858**	**1,226**	354	825	1,179

7. Administrative expenses

	2024 £'000	2023 £'000
Directors' fees	**155**	131
Registrar's fees	**85**	104
Custody and bank charges	**25**	25
Secretarial fees	**147**	129
Auditors' remuneration:		
– fees payable to the Company's auditor for the audit of the annual report	**55**	40
Promotional activities	**216**	215
Printing, postage and stationery	**33**	29
Fees, subscriptions and publications	**66**	57
Professional fees	**45**	37
Depositary charges	**44**	46
Other expenses	**72**	41
	943	854

Secretarial and administration services are provided by abrdn Fund Managers Limited ("aFML") under an agreement which is terminable on three months' notice. The fee is payable monthly in advance and based on an index-linked annual amount of £147,000 (2023 – £129,000). The balance due at the year end was £12,000 (2023 – £22,000).

During the year £216,000 (2023 – £215,000) was paid to aFML in respect of promotional activities for the Company and the balance due at the year end was £73,000 (2023 – £72,000).

With the exception of Auditors' remuneration for the statutory audit, all of the expenses above include irrecoverable VAT where applicable. The Auditors' remuneration for the statutory audit excludes VAT amounting to £11,000 (2023 – £8,000).

8. Taxation

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge/(credit) for the year						
UK corporation tax	**462**	**–**	**462**	292	–	292
Double tax relief	**(330)**	**–**	**(330)**	(292)	–	(292)
Overseas tax suffered	**2,240**	**93**	**2,333**	2,458	109	2,567
Tax relief to capital	**707**	**(707)**	**–**	556	(556)	–
Total tax charge/(credit) for the year	**3,079**	**(614)**	**2,465**	3,014	(447)	2,567

(b) Factors affecting the tax charge/(credit) for the year. The UK corporation tax rate is 24% (2023 – 19%). The tax charge for the year is higher (2023 – lower) than the corporation tax rate. The differences are explained in the following table.

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	**19,747**	**(26,455)**	**(6,708)**	20,140	24,245	44,385
Corporation tax at 24% (2023 – 19%)	**4,739**	**(6,349)**	**(1,610)**	3,827	4,607	8,434
Effects of:						
Non-taxable overseas dividends	**(3,571)**	**(149)**	**(3,720)**	(2,958)	(139)	(3,097)
Irrecoverable overseas withholding tax	**2,240**	**93**	**2,333**	2,458	109	2,567
Expenses not deductible for tax purposes	**1**	**–**	**1**	–	–	–
Double tax relief	**(330)**	**–**	**(330)**	(293)	–	(293)
Excess management expenses	**–**	**–**	**–**	(20)	20	–
Non-taxable losses/(gains) on investments	**–**	**6,121**	**6,121**	–	(5,340)	(5,340)
Non-taxable currency gains/(losses)	**–**	**(330)**	**(330)**	–	296	296
Total tax charge/(credit)	**3,079**	**(614)**	**2,465**	3,014	(447)	2,567

(c) Provision for deferred taxation

At the year end there is no unrecognised deferred tax asset (2023 – £nil) in relation to surplus management expenses.

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9. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the year:		
3rd interim dividend for 2023 of 2.5p per share (2022 – 2.5p)	**3,506**	3,517
Final dividend for 2023 of 3.5p per share (2022 – 4.0p)	**4,902**	5,609
1st interim dividend for 2024 of 2.6p per share (2023 – 2.5p)	**3,642**	3,506
2nd interim dividend for 2024 of 2.6p per share (2023 – 2.5p)	**3,621**	3,506
3rd interim dividend for 2024 of 2.6p per share	**3,584**	–
	19,255	16,138

The fourth interim dividend was unpaid at the year end. Accordingly, this has not been included as a liability in these financial statements.

The table below sets out the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158–1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £16,668,000 (2023 – £17,126,000).

	2024 £'000	2023 £'000
1st interim dividend for 2024 of 2.6p per share (2023 – 2.5p)	**3,642**	3,506
2nd interim dividend for 2024 of 2.6p per share (2023 – 2.5p)	**3,621**	3,506
3rd interim dividend for 2024 of 2.6p per share (2023 – 2.5p)	**3,584**	3,506
4th interim dividend for 2024 of 3.9p per share (2023 – nil)	**5,310**	–
Proposed final dividend for 2024 of nil per share (2023 – 3.5p)	**–**	4,902
	16,157	15,420

The cost of the fourth interim dividend for 2024 is based on 136,165,094 Ordinary shares in issue, being the number of Ordinary shares in issue at the date of this report.

10. Return per Ordinary share

	2024		2023	
	£'000	p	£'000	p
Based on the following figures:				
Revenue return	**16,668**	**11.95**	17,126	12.21
Capital return	**(25,841)**	**(18.53)**	24,692	17.60
Total return	**(9,173)**	**(6.58)**	41,818	29.81
Weighted average number of Ordinary shares in issue		**139,474,109**		140,284,541

11. Investments at fair value through profit or loss

	2024 £'000	2023 £'000
Investments at fair value through profit or loss		
Opening book cost	**438,891**	425,863
Opening investment holdings gains	**48,049**	45,111
Opening fair value	**486,940**	470,974
Analysis of transactions made during the year		
Purchases at cost	**139,531**	184,369
Sales proceeds received	**(146,223)**	(196,401)
(Losses)/gains on investments[A]	**(25,410)**	27,997
Accretion of fixed income book cost	**94**	1
Closing fair value	**454,932**	486,940
Closing book cost	**432,315**	438,891
Closing investment holdings gains	**22,617**	48,049
Closing fair value	**454,932**	486,940
Listed on overseas stock exchanges	**454,932**	486,940
Net (losses)/gains on investments		
(Losses)/gains on investments[A]	**(25,410)**	27,997
Investment holding (losses)/gains on traded options[B]	**(94)**	108
	(25,504)	28,105

[A] Includes losses realised on the exercise of traded options of £3,204,000 (2023 – £6,511,000) which are reflected in the capital column of the Statement of Comprehensive Income in accordance with accounting policy 2(j). Premiums received from traded options totalled £3,781,000 (2023 – £4,170,000) per note 4.
[B] Options associated are derivative liabilities at the year end.

The Company received £146,223,000 (2023 – £196,401,000) from investments sold in the year. The book cost of these investments when they were purchased was £146,201,000 (2023 – £171,343,000). 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.

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 net (losses)/gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2024 £'000	2023 £'000
Purchases	**65**	44
Sales	**107**	140
	172	184

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.

12. Debtors: amounts falling due within one year

	2024 £'000	2023 £'000
Accrued income	**829**	769
Prepayments	**17**	15
Other debtors	**76**	231
Amounts due from brokers	**29**	1,660
	951	2,675

13. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Amounts due to brokers	**210**	1,444
Investment management fee payable	**755**	810
Traded option contracts	**162**	264
Interest payable	**127**	131
Other creditors	**237**	231
	1,491	2,880

14. Senior Loan Notes

Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
2.70% Senior Loan Notes – 10 years	**19,632**	20,307
2.96% Senior Loan Notes – 15 years	**19,632**	20,307
Unamortised Loan Note issue expenses	**(66)**	(71)
	39,198	40,543

On 21 December 2020 the Company issued a US$25 million 10 years Senior Loan Note at an annualised interest rate of 2.70% and a US$25 million 15 years Senior Loan Note at an annualised interest rate of 2.96%. The Loan Notes are unsecured and unlisted. Interest is payable in half yearly instalments in June and December and the Loan Notes are due to be redeemed at par on 21 December 2030 and 21 December 2035. The Company has complied with the Senior Loan Note Purchase Agreement covenant throughout the period since issue that the ratio of net assets to gross borrowings must be greater than 3.5:1, that net assets will not be less than £200,000,000, and that the total number of Listed Assets is to be more than 35.

The total fair value of the Senior Loan Notes at 31 January 2024 was £36,256,000 (2023 – £38,579,000) comprising £18,277,000 (2023 – £19,278,000) in respect of the 10 years 2.70% Senior Loan Note and £17,979,000 (2023 – £19,301,000) in respect of the 15 years 2.96% Senior Loan Note. The fair value of the Senior Loan Notes has been 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.

15. Called up share capital

	2024 £'000	2023 £'000
Allotted, called-up and fully paid:		
Opening balance	**7,012**	7,034
Ordinary shares bought back in the year	**(144)**	(22)
137,352,347 (2023 – 140,234,749) Ordinary shares of 5p each	**6,868**	7,012

During the year 2,882,402 (2023 – 441,185) Ordinary shares of 5p each were repurchased by the Company at a total cost, including transaction costs, of £7,984,000 (2023 – £1,252,000).

Subsequent to the year end, 1,187,253 Ordinary shares of 5p each have been repurchased by the Company at a total cost of £3,438,000.

Notes to the Financial Statements

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16. Net asset value per Ordinary share

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

	2024	2023
Net assets attributable	**£436,479,000**	£472,891,000
Number of Ordinary shares in issue[A]	**137,352,347**	140,234,749
Net asset value per share	**317.78p**	337.21p

[A] 2024 Includes 72,747 Ordinary shares bought back prior to the year end which had not yet settled.

17. Analysis of changes in net debt

	At 1 February 2023 £'000	Currency differences £'000	Non-cash movement £'000	Cash flows £'000	At 31 January 2024 £'000
Cash and short term deposits	**26,699**	**30**	**-**	**(5,444)**	**21,285**
Debt due after more than one year	**(40,543)**	**1,345**	**-**	**-**	**(39,198)**
	(13,844)	**1,375**	**-**	**(5,444)**	**(17,913)**

	At 1 February 2022 £'000	Currency differences £'000	Non-cash movement £'000	Cash flows £'000	At 31 January 2023 £'000
Cash and short term deposits	13,875	1,790	–	11,034	26,699
Debt due after more than one year	(37,191)	(3,347)	(5)	–	(40,543)
	(23,316)	(1,557)	(5)	11,034	(13,844)

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.

18. 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, other than derivatives, 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.

Subject to Board approval, the Company also has the ability to enter into derivative transactions, in the form of traded options, for the purpose of enhancing income returns and portfolio management. During the year, the Company entered into certain derivative contracts. As disclosed in note 4, the premium received in respect of options written in the year was £3,781,000 (2023 – £4,170,000). Positions closed during the year realised a loss of £3,204,000 (2023 – £6,511,000). The largest position in derivative contracts held during the year at any given time was £454,000 (2023 – £542,000). The Company had 6 (2023 – 5) open positions in derivative contracts at 31 January 2024 valued at a liability of £162,000 (2023 – £264,000) as disclosed in note 13.

The Board has delegated the risk management function to the Manager under the terms of its management agreement with aFML (further details which are included under note 5). 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 an 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.

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 abrdn plc group of companies (referred to as "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. The AIFM has delegated the day to day administration of the investment policy to abrdn Inc., which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in FUND 3.2.2R (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The AIFM 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 Officer 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 Officer and 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 abrdn plc, 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 price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager'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. The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – interest rate risk, currency risk and other price risk.

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;

– 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 reviews on a regular basis the values of the fixed interest rate securities.

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 2024 are shown in note 14 to the financial statements.

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

At 31 January 2024	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000
Assets					
Sterling	–	–	–	4,892	–
US Dollar	6.93	5.59	8,489	16,392	418,918
Canadian Dollar	–	–	–	1	27,525
Total assets			8,489	21,285	446,443
Liabilities					
Loan Notes 21/12/30 – US$25,000,000	6.89	2.70	19,599	–	–
Loan Notes 21/12/35 – US$25,000,000	11.89	2.96	19,599	–	–
Total liabilities			39,198	–	–

At 31 January 2023	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000
Assets					
Sterling	–	–	–	4,599	–
US Dollar	7.50	4.36	7,141	22,221	439,091
Canadian Dollar	–	–	–	(121)	40,708
Total assets			7,141	26,699	479,799
Liabilities					
Loan Notes 21/12/30 – US$25,000,000	7.89	2.70	20,272	–	–
Loan Notes 21/12/35 – US$25,000,000	12.90	2.96	20,271	–	–
Total liabilities			40,543	–	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value.

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

The non-interest bearing assets represent the equity element of the portfolio.

Short-term debtors and creditors have been excluded from the above tables.

Financial Liabilities. The company has fixed rate borrowings by way of its senior loan notes, details of which can be found in note 14.

Interest rate sensitivity. The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the Statement of Financial Position date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 100 basis points higher or lower (based on current parameter used by Manager's Investment Risk Department on risk assessment) and all other variables were held constant, the Company's revenue return for the year ended 31 January 2024 would increase/decrease by £213,000 (2023 – decrease/increase by £267,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate cash balances.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives. The risk parameters used will also fluctuate depending on the current market perception.

Foreign currency risk. The Company's portfolio is invested mainly in US quoted securities and the Statement of Financial Position can be significantly affected by movements in foreign 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 significant proportion of the Company's borrowings, as detailed in note 14, are denominated in foreign currency. Foreign currency risk exposure by currency denomination is detailed under Interest Risk Profile.

The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk.

Foreign currency sensitivity. There is no sensitivity analysis included as the Company's significant foreign currency financial instruments are in the form of equity investments, and they have been included within the other price risk sensitivity analysis so as to show the overall level of exposure.

Price risk. Price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

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 country or sector. The allocation of assets to international markets and the stock selection process, as detailed on page 92, both 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.

Price risk sensitivity. If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 January 2024 would have increased/decreased by £45,493,000 (2023 – increase/decrease of £48,694,000) and equity reserves would have increased/decreased by the same amount.

(ii) **Liquidity risk.** This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk. Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary.

(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

– where the Manager makes an investment in a bond, corporate or otherwise, the credit ratings of the issuer are taken into account so as to manage the risk to the Company of default;

– investments in quoted bonds are made across a variety of industry sectors so as to avoid concentrations of credit risk;

– transactions involving derivatives are entered into only with investment banks, the credit rating of which is taken into account so as to minimise the risk to the Company of default;

– investment transactions are carried out with a 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 custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee;

– cash is held only with reputable banks with acceptable credit quality. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

Credit risk exposure. In summary, compared to the amounts in the Statement of Financial Position, the exposure to credit risk at 31 January 2024 was as follows:

	2024		2023	
	Statement of Financial Position £'000	Maximum exposure £'000	Statement of Financial Position £'000	Maximum exposure £'000
Non-current assets				
Quoted bonds	**8,489**	**8,489**	7,141	7,141
Current assets				
Amount due from brokers	**29**	**29**	1,660	1,660
Dividends receivable	**829**	**829**	603	603
Interest receivable	**17**	**17**	166	166
Other debtors and prepayments	**76**	**76**	246	246
Cash and short-term deposits	**21,285**	**21,285**	26,699	26,699
	30,725	**30,725**	36,515	36,515

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

Credit ratings. The table below provides a credit rating profile using Standard and Poors credit ratings for the quoted bonds at 31 January 2024 and 31 January 2023:

	2024 £'000	2023 £'000
B+	**708**	682
BB+	**1,401**	2,898
BB	**2,845**	693
BB–	**2,837**	2,162
BBB–	**698**	706
	8,489	7,141

Fair values of financial assets and financial liabilities. The book value of cash at bank and bank loans and overdrafts included in these financial statements approximate to fair value because of their short-term maturity. Investments held as dealing investments are valued at fair value. The carrying values of fixed asset investments are stated at their fair values, which have been determined with reference to quoted market prices. For all other short-term debtors and creditors, their book values approximate to fair values because of their short-term maturity.

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19. Capital management policies and procedures

The investment objective of the Company is to provide investors with above average dividend income and long term capital growth through active management of a portfolio consisting predominately of S&P 500 US equities.

The capital of the Company consists of bank borrowings and equity comprising issued capital, reserves and retained earnings. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing which takes into account the Investment Manager's views on the market;
- the level of equity shares in issue; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

Details of the Company's gearing facilities and financial covenants are detailed in note 14 of the financial statements.

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 2024	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	**446,443**	**–**	**–**	**446,443**
Quoted bonds	b)	**–**	**8,489**	**–**	**8,489**
		446,443	**8,489**	**–**	**454,932**
Financial liabilities at fair value through profit or loss					
Derivatives	c)	**–**	**(162)**	**–**	**(162)**
Net fair value		**446,443**	**8,327**	**–**	**454,770**

As at 31 January 2023	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	479,799	–	–	479,799
Quoted bonds	b)	–	7,141	–	7,141
		479,799	7,141	–	486,940
Financial liabilities at fair value through profit or loss					
Derivatives	c)	–	(264)	–	(264)
Net fair value		479,799	6,877	–	486,676

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.

b) **Quoted bonds.** The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Investments categorised as Level 2 are not considered to trade in active markets.

c) **Derivatives.** The Company's investment in exchange traded options have been fair valued using quoted prices and have been classified as Level 2 as they are not considered to trade in active markets.

The fair value of the senior loan notes has been calculated as £36,256,000 (2023 – £38,579,000), 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, compared to carrying amortised cost of £39,198,000 (2023 – £40,543,000).

Notes to the Financial Statements

Continued

21. Related party transactions

Directors' fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are disclosed within the Directors' Remuneration Report on page 52.

Transactions with the Manager. The Company has an agreement with the Manager for the provision of investment management, secretarial, accounting and administration and promotional activity services.

Details of transactions during the year and balances outstanding at the year end are disclosed in notes 5 and 7.

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.

Discount to net asset 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.

		2024	2023
NAV per Ordinary share	a	**317.78p**	337.21p
Share price	b	**289.00p**	306.00p
Discount	(a-b)/a	**9.1%**	9.3%

Dividend cover

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

		2024	2023
Revenue return per share	a	**11.95p**	12.21p
Dividends per share	b	**11.70p**	11.00p
Dividend cover	a/b	**1.02**	1.11

Dividend yield

Dividend yield is calculated using the Company's annual dividend per Ordinary share divided by the share price, expressed as a percentage.

		2024	2023
Annual dividend per Ordinary share	a	**11.70p**	11.00p
Share price	b	**289.00p**	306.00p
Dividend yield	a/b	**4.0%**	3.6%

Alternative Performance Measures

Continued

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.

		2024	2023
Borrowings (£'000)	a	**39,198**	40,543
Cash (£'000)	b	**21,285**	26,699
Amounts due to brokers (£'000)	c	**210**	1,444
Amounts due from brokers (£'000)	d	**29**	1,660
Shareholders' funds (£'000)	e	**436,479**	472,891
Net gearing	(a-b+c-d)/e	**4.1%**	2.9%

Ongoing charges ratio

Ongoing charges ratio is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC which is defined as the total of investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values with debt at fair value published throughout the year.

	2024	2023
Investment management fees (£'000)	**2,982**	3,156
Administrative expenses (£'000)	**943**	854
Less: non recurring charges [A] (£'000)	**–**	(8)
Ongoing charges (£'000)	**3,925**	4,002
Average net assets (£'000)	**439,152**	458,929
Ongoing charges ratio (excluding look-through costs)	**0.89%**	0.87%
Look-through costs[B]	**0.10%**	0.06%
Ongoing charges ratio (including look-through costs)	**0.99%**	0.93%

[A] Professional services considered unlikely to recur.
[B] 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.

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which includes finance costs and transaction charges.

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 2024		**NAV**	**Share Price**
Opening at 1 February 2023	a	**337.2p**	306.0p
Closing at 31 January 2024	b	**317.8p**	289.0p
Price movements	c=(b/a)-1	**-5.8%**	-5.6%
Dividend reinvestment[A]	d	**4.2%**	4.7%
Total return	c+d	**-1.6%**	-0.9%

Year ended 31 January 2023		**NAV**	**Share Price**
Opening at 1 February 2022	a	**318.8p**	283.0p
Closing at 31 January 2023	b	**337.2p**	306.0p
Price movements	c=(b/a)-1	**5.8%**	8.1%
Dividend reinvestment[A]	d	**3.8%**	4.3%
Total return	c+d	**+9.6%**	+12.4%

[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.

Corporate Information

The Company's Investment Manager, abrdn Inc. is a subsidiary of abrdn plc, whose group of companies as at 31 December 2023 had approximately £495 billion of assets under management and administration.

The Company invests in American International Group, Inc. which is a multinational finance and insurance corporation with operations in more than 80 countries.

Information about the Investment Manager

abrdn Fund Managers Limited ("aFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as the alternative investment fund manager to the Company. aFML has in turn delegated portfolio management to abrdn Inc.

aFML and abrdn Inc. are both subsidiaries of abrdn plc.

The Investment Team Senior Managers

Josh Duitz

Deputy Head of Global Equities

Graduated with an MBA from The Wharton School, and holds a BA from Emory University. Joined abrdn in 2018 from Alpine Woods Capital Management, where he was a Portfolio Manager of its Global Dynamic Dividend and Global Infrastructure strategies. He is abrdn's Deputy Head of Global Equities and Head of Infrastructure (public markets).

Fran Radano

Senior Investment Manager

Graduated with a BA in Economics from Dickinson College and an MBA in Finance from Villanova University and is a CFA® Charterholder. Joined abrdn in 2007 following the acquisition of Nationwide Financial Services. Previously worked at Salomon Smith Barney and SEI Investments.

Andrew Kohl

Senior Investment Director

Graduated with a BA in economics from Williams College and an MBA from the MIT Sloan School of Management and is a CFA charterholder. Joined abrdn in November 2023 from Triton International where he was Vice President of Corporate Strategy & Investor Relations. Previously worked for Alpine Woods Capital Investors as a portfolio manager and equity research analyst.

Information about the Investment Manager

Continued

The Investment Process, Philosophy and Style

Idea Generation

When searching for investments for the Company's portfolio, the management team benefits from the insights and ideas from the Manager's c.60-strong Developed Markets Equity division and cross-asset class insights from conversations held between the management team and other teams such as Fixed Income and Risk as well as the macro-economic research from the abrdn Research Institute.

Analyst recommendations on every stock under coverage are quantitively measured, recognising company insights are a critical component of alpha generation in portfolios over time. The Manager's reputation as a responsible long-term investor in these markets means that the management team has first-rate access to the companies under research. Through structured meetings and regular conversations, the Manager gathers insights from both executive management teams and non-executive directors.

Research

To leverage fully the benefits of the Manager's considerable research resource, the management team uses a common investment language and research framework that structures how the Manager expresses its thinking on companies. This facilitates the effective and unambiguous articulation of research insights. The Manager has also developed a proprietary research platform used by all its Equity, Credit and ESG teams. This gives instant access to research globally. The analysts are supported by a number of other proprietary tools and ongoing improvements and refinements that are made to the research. The company research focuses on three key pillars:

Putting quality first. To ensure proper context when completing company research, the Manager captures key business fundamentals through the lens of its quality assessment, using its five aspects of quality. The Manager looks to uncover strong business models, clear competitive advantages, and industry leaders and innovators. In short, business quality is established first. A quality score ('Q score') is given to every company under coverage from one to five (where a score of one denotes the highest quality and a score of five, the lowest), both at an overall level and on five distinct criteria: (i) financials; (ii) business model and moat; (iii) management; (iv) industry background; and (v) ESG. Assessing quality will determine if the Manager believes a company is appropriate for investment, and the view of changing dynamics and the company's valuation drive the timing of that investment.

Always looking forward. The Manager aims to understand what lies ahead for the business and the factors that will determine corporate value over time. By understanding what is changing, both in terms of the fundamentals of a business and market sentiment towards it, the Manager ensures it is always well positioned for the future. This means that opportunities for outperformance can be found where there is a mismatch between consensus and the Manager's own analysis.

Valuation. Having understood the foundations of the business and how key drivers are changing, the Manager focuses on valuing the company's shares. The aim being to understand what the equity market is pricing in (both in terms of the expected earnings trajectory and what valuation multiples reveal about how the market is thinking), and then the Manager builds its own assessment of how the stock should be priced based on its fundamental insights. The Manager uses a wide range of valuation techniques and metrics in order to gauge the upside potential, as well as to evaluate potential downside scenarios.

Integrated ESG and Climate Change Analysis

Whilst ESG factors are not the over-riding criteria in relation to the investment decisions taken by the management team for the Company, significant attention is given to ESG and climate related factors throughout the investment process. The primary goal is to generate the best long-term outcomes possible for the Company. By embedding ESG analysis into the active equity investment process the Manager aims to enhance potential value for shareholders, reducing risk and investing in companies that can contribute positively to the world. As well as better-informed investment decisions the Company also benefits from active ownership of its assets.

In the Manager's view, companies that successfully manage climate change risks will perform better in the long term. It is important that the Manager assesses the financial implications of material climate change risks across all asset classes, including real assets, to make portfolios more resilient to climate risk.

The detailed analysis of the Manager's embedded ESG process is contained on pages 93 to 96.

Manager's Approach to ESG Integration in Equities

Peer Review

Having a common investment language facilitates effective communication and comparison of investment ideas through peer review which is a critical part of the process. All investment ideas are subject to rigorous peer review, both at regular meetings and on an ad hoc basis – and all team members debate stocks and meet companies from all industries.

Portfolio Construction/ Risk Controls

Portfolios are built from the bottom up, prioritising high conviction stock ideas in a risk aware framework, giving clients access to the best investment ideas. Portfolio risk budgets are derived from clients' investment objectives and required outcomes. Peer review is an essential component of the construction process with dedicated portfolio construction pods (smaller dedicated groups of senior team members that have clear accountability for the strategy) debating stock holdings, portfolio structure and risk profiles.

As an active equity investor the Manager has adopted a principled portfolio construction process which actively takes appropriate and intentional risk to drive returns.

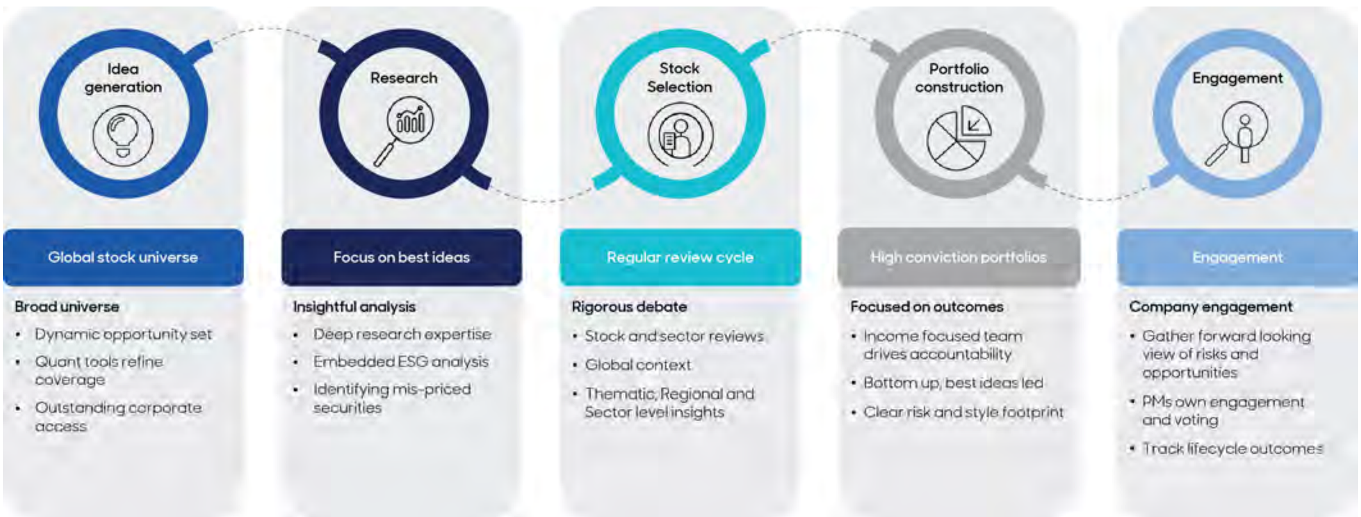
The largest component of the active risk will be stock-specific risk, along with appropriate levels of diversification. Risk systems monitor and analyse risk exposures across multiple perspectives breaking down the risk within the portfolio by industry and country factors, by currency and macro factors, and by other fundamental factors (quality, momentum, etc). Consideration of risk starts at the stock level with the rigorous company research helping the Manager to avoid stock specific errors. The Manager ensures that any sector or country risk is appropriately sized and managed relative to the overall objectives of the Company.

Operational Risk and Independent Governance Oversight

Risk management is an integral part of the Manager's management process and portfolios built by the Portfolio Managers are formally reviewed on a regular basis with the Manager's Global Head of Equities, the Manager's Investment Governance & Oversight Team (IGO) and members of the Manager's Investment Risk Team. This third party oversight both monitors portfolio risk and also oversees operational risk to ensure client objectives are met.

Active equity investment process

Our research drives performance



Source: abrdn, 31 December 2023

Manager's Approach to ESG Integration in Equities
Continued

Introduction from the Board of the Company
Environmental, Social and Governance ("ESG") considerations are fully integrated across the Manager's investment process; however, ESG factors alone are not the over-riding criteria in relation to the investment decisions taken by the Manager for the Company. The Company is not an ESG fund but the Board oversees the Manager's approach to ESG integration and is working with the Manager to understand both developments in the UK, as they apply to the Company, and developments in the US, as they apply to the companies in which the Company invests. This section of the report provides an overview of the way that ESG factors are considered by the Manager. Please note that these processes are reviewed regularly and are liable to change. The latest information, including the Manager's focus on climate change, is available at **abrdn.com/europe/sustainable-investing**.

abrdn's core beliefs: why ESG is essential
Considering and integrating ESG factors can offer informational, analytical and/or behavioural advantages. At abrdn, ESG factors are a component of how we think about and assess 'quality'. They also help us to identify and determine sustainable competitive advantages.

Informational advantage	By considering ESG factors, we obtain more information about the risk factors for different companies and gain a deeper understanding of the approach companies take to manage their business. We generate our own ESG assessment for each company, rather than relying on third-party data, which we believe gives us differentiated information.
Analytical advantage	We believe incorporating ESG factors into our company assessments gives us an analytical advantage. By engaging directly with companies and conducting our own ESG research, we believe we can capture the potential impact of these factors on the future outlook of the company.
Behavioural advantage	We believe that ESG factors, and our insights on how companies manage these factors, can give us a better indication of the underlying quality of businesses. Having increased confidence in the quality of companies can give us a behavioural advantage. Deeper conviction in our investment case can make us more resilient to adverse changes in market sentiment and volatility.

"Material issues are those that are likely to affect the financial condition or operating performance of a company, and therefore are most important to an investor." Sustainability Accounting Standards Board (SASB)

How we do it – a focus on material ESG factors
Our analysts determine which ESG factors are financially material to form a forward-looking view of how the business will manage risks and capture opportunities. We focus on what we deem to be the most material ESG factors to understand their impact on a company's future business performance, financial position, and/or market perception.

When identifying material ESG factors, we pay close attention to how they affect a business today (operations, earnings, and current valuation) and in the future (reputation and longer-term valuation).

Integrating ESG factors into research

We want to fully understand the equities in which we invest. This takes extensive, first-hand research of each company in our research universe. We rank stocks using systematic and globally applied ratings. This helps us compare companies, both regionally and against their peer group. Key questions we ask are:

- What is our view on the quality of corporate governance, oversight and management?
- What are the most material ESG and operational governance factors the company must manage and how are they being addressed?
- How will the most material ESG risks and opportunities affect the company's operational performance and valuation?
- What is our ESG quality rating and how does it factor into the investment conclusion? Does our view differ from external sources?

Keeping score: from laggards to best in class

As part of our research process, we rate a company's management of material ESG factors and the relevance to the investment case. This is a key part of our overall research process.

There are five components of Quality assessed by abrdn's Analysts for all companies in the portfolio, which are assessed to develop an Analyst rating for the company. These are:

1 Best in class	2 Above average	3 Average	4 Below average	5 Laggard
Key Considerations	**Key Considerations**	**Key Considerations**	**Key Considerations**	**Key Considerations**
Exceptional ESG risk management.	Strong ESG risk management and/ or are utilising ESG factors to improve competitive advantage. But execution not as progressed as best in class peers.	Business has identified material ESG factors. There may be instances of policy or processes failure in recent history but these have been addressed.	Material ESG risks are under managed and opportunities under-developed.	Business has likely had significant issues arise due to lack of processes and oversight.
Business is taking advantage of ESG opportunities and enhancing its competitive advantage.	Strong oversight and governance with robust control mechanisms.	Opportunities to enhance competitive advantage identified, but still nascent.	Lack of robust processes in place and there is serious potential for something to go wrong and severely impact the investment case.	Failure to properly manage most material ESG factors and no evidence of effort to address.
Strong oversight and governance with robust control mechanisms.		Governance and oversight more limited or lacks strong check and challenge.		Significant risk to the investment case from poor management of ESG risks and failure to capture revenue opportunities.

Manager’s Approach to ESG Integration in Equities

Continued

Working with companies: Integrating ESG factors into our engagement process

ESG integration doesn’t end with the investment research; engagement is a central part of our investment process. We actively engage with the companies in which we invest to understand more about a company’s strategy and performance and to encourage best practice and drive change. We combine information and insights from these meetings with the insights of our investment managers, ESG equity analysts and central ESG resources. As part of our engagement, companies are encouraged to set clear targets or key performance indicators on all material ESG risks to enable performance monitoring.

Engagement consists of four interconnected and equally important stages.

Monitor	Contact	Engage	Act
Ongoing due diligence · Business performance · Company financials · Corporate governance · Company’s key risks and opportunities	**Frequent dialogue** · Senior executives · Board members · Heads of departments and specialists · Site visits	**Using our voice** · Attend AGM/EGMs · Always vote · Explain voting decisions · Maximise influence to drive positive outcomes	**Consider all options** · Increase or decrease our shareholding · Collaborate with other investors · Take legal action if necessary

Integrating ESG into investment decisions:

ESG factors are a core component of how we view the quality of a business, and they influence our research discussions.

Portfolio meetings are where we review the outcomes of team-based sector reviews and discuss specific companies that meet the fund’s mandate. Peer review provides oversight for all our investment analysis and ESG factors are no different. We have robust debates and challenge each other on our ESG analysis and its relevance to investment cases and decisions. We then construct a portfolio of Quality companies, having considered ESG factors and their impact on our different Quality outcomes.

Investor Information

Keeping You Informed

Information on the Company, including its share price, may be found on its dedicated website, **northamericanincome.co.uk**. This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

abrdn Investment Trusts Social Media Accounts

Twitter: **@abrdntrusts**

LinkedIn: **abrdn Investment Trusts**

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

The Board has been made aware by abrdn that some investors have received telephone calls from people purporting to work for abrdn, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for abrdn and any third party making such offers has no link with abrdn. abrdn never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact the Company (see page 109 for details).

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

Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrar Computershare Investor Services PLC, the Company's Registrar (see page 109 for details).

Changes of address must be notified to the Registrar in writing.

Any general queries about the Company should be directed to the Company Secretary in writing (see page 109 for details) or by email to **CEF.CoSec@abrdn.com**

Suitable for Retail/NMPI Status

The Company's shares are designed for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who seek income and capital growth from investment in North American markets and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that securities issued by The North American Income Trust plc can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream pooled investments because they are shares in an investment trust.

Key Information Document

The KID relating to the Company and published by the Manager can be found on the Manager's website at **invtrusts.co.uk/en/prices-and-literature**

How to Invest

A range of leading investment platforms and share dealing services let you buy and sell abrdn-managed investment trusts. Many of these platforms operate on an 'execution-only' basis. This means they can carry out your instruction to buy or sell a particular investment trust. But they may not be able to advise on suitable investments for you. If you require advice, please speak to a qualified financial adviser (see below).

A note about the abrdn Investment Trusts Savings Plans (the "Plans")

The abrdn Investment Trusts ISA, Share Plan and Investment Plan for Children that these Plans closed in December 2023. All investors with a holding or cash balance in the Plans at that date transferred to interactive investor ("ii"), ii communicated with planholders in late November 2023 to set up account security to ensure that investors would continue to access their holdings via ii following the closure of the Plans.

Investor Information

Continued

Please contact ii for any ongoing support with your ii account on 0345 646 1366, or +44 113 346 2309 if you are calling from outside the UK. Lines are open 8.00am to 5.00pm Monday to Friday. Alternatively, you can access the website at **ii.co.uk/abrdn-welcome**.

Flexibility

Many investment platform providers will allow you to buy and hold abrdn Investment Trust shares within an Individual Savings Account (ISA), Junior ISA or Self Invested Personal Pension (SIPP), all of which have potential tax advantages. Most will also allow you to invest on both a lump sum and regular savings basis.

Costs and service

It is important to choose the right platform for your needs, so take time to research what each platform offers before you make your decision, as well as considering charges. When it comes to charges, some platforms have flat fee structures while others levy percentage-based charges. Typically, you will also pay a fee every time you buy and sell shares, so you need to bear in mind these transaction costs if you are trading frequently. There may also be additional charges for ISA and SIPP investments.

Can I exercise my voting rights if I hold my shares through an investment platform?

Yes, you should be able to exercise your right to vote by contacting your platform provider. Procedures differ, but some platforms will automatically alert you when new statutory documents are available and then allow you to vote online. Others will require you to contact them to vote. Your chosen platform provider will provide further guidance.

Getting advice

abrdn recommends that you seek financial advice prior to making an investment decision. If you do not currently have a financial adviser, details of authorised financial advisers in your area can be found at **pimfa.co.uk** or **unbiased.co.uk** (see below). You will pay a fee for advisory services.

Platform providers

Platforms featuring abrdn-managed investment trusts include:

- AJ Bell: **ajbell.co.uk/markets/investment-trusts**
- Barclays Smart Investor: **barclays.co.uk/smart-investor**
- Charles Stanley Direct: **charles-stanley-direct.co.uk**
- Fidelity: **fidelity.co.uk**
- Halifax: **halifax.co.uk/investing**
- Hargreaves Lansdown: **hl.co.uk/shares/investment-trusts**
- interactive investor: **ii.co.uk/investment-trusts**

The companies above are shown for illustrative purposes only. Other platform providers are available. The links above direct you to external websites operated by each platform provider. abrdn is not responsible for the content and information on these third-party sites.

Discretionary Private Client Stockbrokers

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

Independent Financial Advisers

To find an adviser who advises on investment trusts, visit: **unbiased.co.uk**

Regulation of Stockbrokers

Before approaching a stockbroker, always check that they are regulated by the FCA:

Tel: **0800 111 6768**
Website: **fca.org.uk/firms/financial-services-register**
Email: **consumer.queries@fca.org.uk**

The above information has been issued by abrdn Fund Managers Limited, which is authorised and regulated by the FCA in the United Kingdom.

Alternative Investment Fund Managers Directive Disclosures (unaudited)

abrdn Fund Managers Limited ("aFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") the latest version of which can be found on the Company's website **northamericanincome.co.uk.**

There have been no material changes to the disclosures contained within the PIDD since its most recent update in October 2023.

The periodic disclosures as required under the AIFMD to investors are made below:

- information on the investment strategy, geographic and sector investment focus and principal stock exposures is included in the Strategic Report;
- none of the Company's assets are subject to special arrangements arising from their illiquid nature;
- the Strategic Report on pages 8 to 25, Note 18 to the Financial Statements and the PIDD, together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected;
- there are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by abrdn Fund Managers Limited ("the AIFM");
- authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the AIFM's remuneration policy is available from the Company Secretary, abrdn Holdings Limited on request (see contact details on page 109) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 31 December 2022 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 January 2024	1.17:1	1.18:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by abrdn Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Glossary of Terms

abrdn
abrdn ("abrdn") is a brand of abrdn plc.

aFML or AIFM or Manager
abrdn Fund Managers Limited (aFML) is a wholly owned subsidiary of abrdn plc and acts as the alternative investment fund manager (AIFM) for the Company. It is authorised and regulated by the Financial Conduct Authority.

abrdn Inc. or Investment Manager
abrdn Inc. (or "Investment Manager") is a subsidiary company of abrdn plc which has been delegated responsibility for the Company's day-to-day investment management.

Alternative Performance Measures
An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

AIC
The Association of Investment Companies.

AIFMD or the Directive
The Alternative Investment Fund Managers Directive (AIFMD) is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.

Asset Cover
The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

Closed-End Fund
A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.

Discount
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

ESG
Environmental, Social and Governance

FCA
Financial Conduct Authority

Investment Trust
A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.

Key Information Document or KID
The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Leverage
For the purposes of the Alternative Investment Fund Managers Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Net Asset Value ("NAV")
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Net Gearing/Cash
Net gearing/cash is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.

Ongoing Charges
Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.

PIDD
The pre-investment disclosure document made available by the AIFM in relation to the Company.

Premium
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings (P/E) Ratio
The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets
Total Assets as per the balance sheet less current liabilities (before deducting prior charges as defined above).

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned.

General

The Company has a holding in Merck & Co, which has operations in pharmaceutical, animal health, and consumer care.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ("AGM") of The North American Income Trust plc will be held at the offices of abrdn, 1 George Street, Edinburgh EH2 2LL on 21 June 2024 at 12.00 Noon, for the following purposes:

To consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 11, inclusive, will be proposed as ordinary resolutions and resolutions 12 and 13 will be proposed as special resolutions.

Ordinary Business

1. To receive and adopt the reports of the Directors and the auditor and the audited financial statements for the year ended 31 January 2024.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 31 January 2024.
3. That, with effect from 1 February 2024, the aggregate annual fees paid to directors for their services as Directors for their services to the Company shall not exceed £250,000 per annum.
4. To re-elect Patrick Edwardson as a Director of the Company.
5. To re-elect Karyn Lamont as a Director of the Company.
6. To re-elect Susannah Nicklin as a Director of the Company.
7. To re-elect Charles Park as a Director of the Company.
8. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company.
9. To authorise the Directors to fix the remuneration of the auditor for the year ending 31 January 2025.
10. That the Company should continue as an investment trust.

Special Business

11. That, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("securities") up to an aggregate nominal amount of £2,246,724 or, if less, the number representing 33.33% of the issued Ordinary share capital of the Company immediately following the conclusion of the AGM, such authority to expire on 31 July 2025 or, if earlier, at the conclusion of the AGM of the Company to be held in 2025, unless previously revoked, varied or extended by the Company in general meeting, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired.

Notice of Annual General Meeting

Continued

12. That, subject to the passing of the resolution numbered 11, set out in the notice of this meeting ("Section 551 Resolution"), and in substitution for any existing authority under sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the date of the passing of this resolution, the Directors of the Company be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authorisation conferred by the Section 551 Resolution or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to the allotment or sale out of treasury of equity securities up to an aggregate nominal amount of £680,825 or, if less, the number representing 10% of the issued Ordinary share capital of the Company immediately following the conclusion of the AGM and such power shall expire at the earlier of the conclusion of the AGM of the Company to be held in 2025 or on 31 July 2025, but so that this power shall enable the Company to make offers, sales or agreements before such expiry which would or might require equity securities to be allotted or sold after such expiry and the Directors of the Company may allot or sell from treasury equity securities in pursuance of any such offer, sale or agreement as if such expiry had not occurred.
13. That, in substitution for any existing authority under Section 701 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date of passing of this resolution, the Company be generally and unconditionally authorised, in accordance with Section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares in the capital of the Company ("Ordinary shares") and to cancel or to hold in treasury such shares, provided that:–
    a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 20,411, 147 Ordinary shares or, if less, the number representing approximately 14.99% of the issued Ordinary Share capital of the Company as at the date of the passing of this resolution;
    b) the minimum price which may be paid for an Ordinary share shall be 5 pence (exclusive of expenses);
    c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary shares for the five business days immediately preceding the date of purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid relating to an Ordinary share on the trading venue where the purchase is carried out; and
    d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 31 July 2025 or, if earlier, at the conclusion of the AGM of the Company to be held in 2025, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract or contracts as if such authority had not expired.

By order of the Board
abrdn Holdings Limited
Company Secretary
4 April 2024

Registered Office
1 George Street
Edinburgh, EH2 2LL

Notes

i. A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chair of the meeting) and give your instructions directly to them. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms or would like to appoint more than one proxy, please contact the Company's Registrars, Computershare Investor Services PLC on 0370 889 4084. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior). A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which he/she is the holder.

ii. A form of proxy for use by members is enclosed with this Notice of Meeting. Completion and return of the form of proxy will not prevent any member from attending the Meeting and voting in person. To be valid, the form of proxy should be lodged, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority with the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received not less than 48 hours (excluding non-working days) before the time of the Meeting.

iii. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the Meeting a member must first have his or her name entered in the Company's register of members by not later than 6.00 pm on 19 June 2024 (or, in the event that the Meeting is adjourned, at 6.00pm on the day which is two business days before the time of the adjourned Meeting). Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the Meeting.

iv. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

v. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (ID 3RA50) no later than 48 hours (excluding non-working days) before the time of the Meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting

Continued

vi. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

vii. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

viii. The "vote withheld" option on the proxy form is provided to enable a member to abstain on any particular resolution. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" a particular resolution.

ix. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes i) and ii) above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.

x. No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection during usual business hours at the Company's registered office. The documents will also be available to view online at **northamericanincome.co.uk** from the date of this notice until close of the 2024 AGM.

xi. As at close of business on 3 April 2024 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 136,165,094 Ordinary shares of 5p each. The total number of voting rights in the Company as at 3 April 2024 was 136,165,094.

xii. Any person holding 3% or more of the total voting rights in the Company who appoints a person other than the Chair as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

xiii. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

xiv. Under Section 527 of the Companies Act 2006 (the "Act"), shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual report and financial statements and were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

xv. Information regarding the AGM, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, **northamericanincome.co.uk**.

xvi. Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the Meeting put by a member attending the Meeting unless:

1. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
2. the answer has already been given on a website in the form of an answer to a question; or
3. it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

xvii. Members who have general queries about the AGM should contact the Company Secretary in writing. Members are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this notice of AGM or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

Contacts

Directors
Dame Susan Rice (Chair)
Patrick Edwardson
Karyn Lamont
Susannah Nicklin
Charles Park

Manager, Secretary and Registered Office
Alternative Investment Fund Manager

abrdn Fund Managers Limited
280 Bishopsgate
London
EC2M 4AG

(Authorised and regulated by the Financial Conduct Authority)

Investment Manager

abrdn Inc.
1900 Market Street
2nd Floor
Philadelphia PA 19103

(Authorised and regulated by the US Securities and Exchange Commission)

Points of Contact
The Chair or Company Secretaries at the Registered office of the Company.

Secretary and Registered Office

abrdn Holdings Limited
1 George Street
Edinburgh, EH2 2LL

Email: **northamericanincome@abrdn.com**
Website: **northamericanincome.co.uk**

Company Registration Number
Registered in Scotland with number SC005218

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Telephone: **0370 889 4084***
Website: **www.investorcentre.co.uk**
E-mail is available via the above website

*Lines are open Monday to Friday from 8.30am – 5.30pm, excluding bank holidays. Charges for calling telephone numbers starting with '03' are determined by the caller's service provider. Calls may be recorded and monitored randomly for security and training purposes.

Independent Auditors
PricewaterhouseCoopers LLP
144 Morrison St
Edinburgh
EH3 8EB

Company Broker
Winterflood Securities (Investment Trusts)
Riverbank House
2 Swan Lane
London, EC4R 3GA

Depositary
BNP Paribas Trust Corporation UK Limited
10 Harewood Avenue
London, NW1 6AA

United States Internal Revenue Service FATCA Registration Number (GIIN)
XYAARK.99999.SL.826

Legal Entity Identifier
5493007GCUW7G2BKY360

For more information visit **northamericanincome.co.uk**

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