



abrdn Diversified Income and Growth plc

(formerly Aberdeen Diversified Income and Growth Trust PLC)

Annual Report 30 September 2023

Investing across asset classes aiming to deliver dependable income and growth

abrdndiversified.co.uk





“On behalf of the whole Board, I would like to extend my sincere thanks to all of our shareholders for their patience, support and constructive feedback throughout this period.”

Davina Walter, Chairman

Performance Highlights

Net asset value total return^{AB}

+0.4%

2022

+1.2%

Share price total return^A

-0.7%

2022

-5.0%

Revenue return per share

4.35p

2022

4.99p

Dividend per share^C

7.33p

2022

5.60p

Dividend yield^A

8.8%

2022

6.2%

Discount to net asset value (fair value basis)^{AB}

25.7%

2022

23.7%

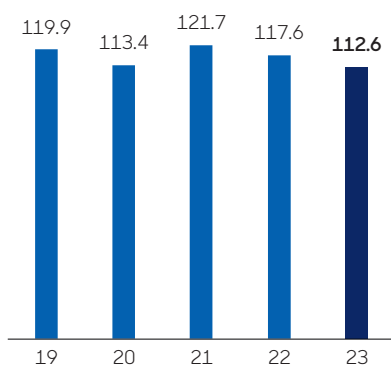
^A Considered to be an Alternative Performance Measure (see pages 120 to 123 for more information).

^B Debt at fair value.

^C See note 8 on page 89.

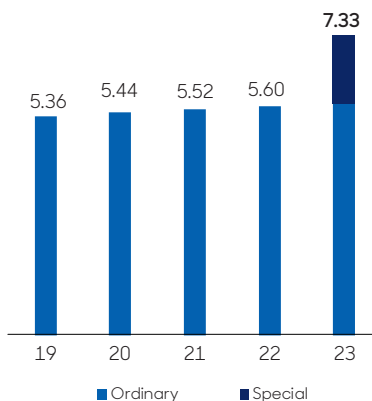
Net asset value per Ordinary share with debt at fair value

At 30 September – pence



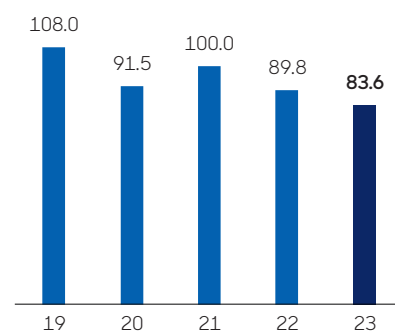
Dividends per Ordinary share

Year ended 30 September – pence



Mid-market price per Ordinary share

At 30 September – pence



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Financial Calendar, Dividends and Highlights

Financial year end	30 September
Annual General Meeting	27 February 2024
Expected announcement of results for the year to 30 September 2024	December 2024

Dividends

	Rate	xd date	Record date	Payment date
First interim 2023	1.42p	9 March 2023	10 March 2023	3 April 2023
Second interim 2023	1.42p	8 June 2023	9 June 2023	6 July 2023
Third interim 2023	1.42p	21 September 2023	22 September 2023	19 October 2023
Fourth interim 2023	1.42p	21 December 2023	22 December 2023	22 January 2024
Special 2023	1.65p	2 November 2023	3 November 2023	1 December 2023
2023	7.33p			
First interim 2022	1.40p	3 March 2022	4 March 2022	31 March 2022
Second interim 2022	1.40p	16 June 2022	17 June 2022	14 July 2022
Third interim 2022	1.40p	22 September 2022	23 September 2022	20 October 2022
Fourth interim 2022	1.40p	22 December 2022	23 December 2022	19 January 2023
2022	5.60p			

Highlights

	2023	2022	% change
Total assets less current liabilities (before deducting prior charges)	£355,264,000	£379,052,000	-6.3
Total shareholders' funds (Net Assets)	£339,534,000	£363,358,000	-6.6
Market capitalisation	£251,858,000	£276,986,000	-9.1
Ordinary share price (mid market)	83.60p	89.80p	-6.9
Net asset value per Ordinary share (debt at fair value) ^{AB}	112.59p	117.63p	-4.3
Discount to net asset value on Ordinary shares (debt at fair value) ^{AB}	25.7%	23.7%	
Gearing (ratio of borrowings less cash to shareholders' funds)			
Net (cash)/gearing (debt at par value) ^A	-1.6%	1.8%	
Net cash/(gearing) (debt at fair value) ^{AB}	-1.5%	2.0%	
Dividends and earnings per Ordinary share			
Revenue return per share	4.35p	4.99p	-12.7
Dividends per share ^C	7.33p	5.60p	+30.9
Dividend cover (including proposed fourth interim dividend) ^A	0.59	0.89	
Dividend yield ^A	8.8%	6.2%	
Revenue reserves ^D	£35,280,000	£39,261,000	-10.1
Ongoing charges ratio^{AE}	1.74%	1.41%	

^A Considered to be an Alternative Performance Measure. Details of the calculation can be found on pages 120 to 123.

^B Fair value of 6.25% Bonds 2031 £16,069,000 (2022 - £16,222,000).

^C The figure for dividends per share reflects the years to which their declaration relates (see note 8 on page 89).

^D The revenue reserve figure does not take account of the third and fourth interim dividends and the special dividend paid after the year end amounting to £4,278,000, £4,278,000 and £4,971,000 respectively (2022 - £4,319,000, £4,314,000 and £nil).

^E 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.

Strategic Report



"The Company seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio."

Chairman's Statement

Introduction

The year under review has been a challenging one, as volatile markets and investor wariness have weighed heavily on sentiment, adversely affecting the valuations of many listed investment companies. Through these challenges, our Investment Manager has continued to pursue its strategy of seeking to provide income and capital appreciation over the long term from a genuinely diversified portfolio, providing access to a wide selection of asset classes, an attractive and dependable level of income and defensive characteristics relative to the volatility of equity markets.

Despite the Board's confidence in the investment strategy, the persistent and entrenched discount to Net Asset Value ("NAV") led the Directors to commence a strategic review in June 2023 to consider how the Company could best restore and deliver value to shareholders.

Strategic review & Managed Wind-Down

Following careful consideration of all the options available to the Company, including asset sales and potential merger discussions with third parties, the Board announced the outcome of the strategic review on 26 October 2023. The Board determined that it was in the best interests of its shareholders to continue the Company's existing investment management strategy whilst simultaneously optimising shareholder value by means of an Enhanced Distribution Programme, comprising realised gains and surplus available cash, through a combination of special dividends and a tender offer.

Following the Company's announcement, further detailed discussions with shareholders were undertaken. In the light of the feedback received and the persistent discount to net asset value ("NAV") at which the Company's shares continued to trade, the Board concluded that it was in the best interests of shareholders as a whole to put forward proposals for a managed wind-down of the Company (the "Managed Wind-Down").

Pursuant to the Managed Wind-Down announced on 14 December 2023, the Company proposes to conduct an orderly realisation of its assets in a manner that seeks to optimise the value of the Company's investments whilst progressively returning cash to shareholders. In particular:

- the Board expects that approximately £115 million would be returned to shareholders in the first half of 2024 at, or close to, NAV (subject to shareholder approval and the appropriate use of the Company's

distributable reserves) with further returns of cash to follow as value is realised from the Company's private markets portfolio in a timely and efficient manner;

- approximately £107.3 million of the Company's private markets portfolio (valued as at 30 November 2023) is expected to mature between 2024 and 2027 (the "First Tranche"). It is intended that the proceeds from the First Tranche will be returned to shareholders in a timely manner as the investments mature;
- the remaining £81.5 million of the private markets portfolio (valued as at 30 November 2023) is expected to mature between 2029 and 2033 (the "Second Tranche"). As market conditions improve, opportunistic secondary sales of Second Tranche assets would be considered by the Company in order to realise value from these assets in a timely manner;
- the Company will cease making new investments (save as to fund existing commitments and support the Managed Wind-Down as set out below);
- the Board will seek to reduce the Company's ongoing costs; and
- it is intended that the Company's debt arrangements, comprising secured bonds with a par value of c.£16.1 million, will be repaid during 2024.

Implementation of the Managed Wind-Down will require shareholder approval to amend the Company's investment objective and policy and will also be conditional on shareholders approving the continuation of the Company into Managed-Wind Down at the Company's AGM on 27 February 2024. Full details of the proposals will be set out in a circular to be published as soon as practicable. Ahead of the circular being published, the Company will seek regulatory approval of the proposed changes to the investment policy.

Continuation vote

The implementation of the Managed Wind-Down is conditional on shareholders approving the continuation of the Company in its present form at the forthcoming AGM. Accordingly, the Board recommends that shareholders vote in favour of the continuation of the Company at the AGM (Resolution 10), as each of the Directors intends to do in respect of their own interests in the Company's shares. A separate general meeting of the Company, at which shareholders will be asked to approve the change of investment policy to implement the Managed Wind-Down, is expected to follow soon after the AGM.

Portfolio performance

During the year ended 30 September 2023, the Company's NAV total return with debt at fair value, and income reinvested, was +0.4%. In line with wider market volatility affecting the whole investment trust sector, the Company's discount continued to widen with the result that the share price fell just over 6.9% over the year ended 30 September 2023; this represented a shareholder total return with income re-invested of -0.7%.

Earnings and dividend

A major component of our investment thesis is income, in the form of a dependable quarterly dividend: in the year under review, this represented a dividend yield of 8.8% based on the year end share price of 83.6 pence. The Board confirmed at the outset of the current financial year its intention to continue to pay at least the current level of dividend and to use its revenue reserves which have been built up by the Company over many years to support the dividend policy as required.

Three interim dividends of 1.42 pence per share were paid to shareholders in March, July and October 2023. Further to its announcement to shareholders on 26 October 2023, a special dividend of 1.65 pence per share was paid on 1 December 2023 to shareholders on the register as at 3 November 2023 and with an ex-dividend date of 2 November 2023. The Board declared, on 1 December 2023, a fourth interim dividend of 1.42 pence per share to be paid on 22 January 2024 to shareholders on the register on 22 December 2023. The ex-dividend date is 21 December 2023. Accordingly, total dividends for the year are 7.33 pence per share.

The Company will continue to pay its regular quarterly dividend until such time as the change of investment objective and policy is approved. Further information on the dividend policy thereafter will follow in the circular to shareholders due to be published as soon as practicable.

Discount management

Throughout the year, the Company's shares have traded at a material discount to NAV. The Board put in place a number of initiatives to address this, including share buybacks, but the wide discount persisted and stood at 25.7% at 30 September 2023. The strategic review had been expected to address the discount. However, following the announcement of the outcome of the review on 26 October 2023, the discount had widened further and this, along with detailed shareholder engagement, prompted the proposal to place the Company into Managed Wind-Down.

Share buybacks

In light of this, and whilst shareholders consider the proposals in detail, no further share buybacks are proposed ahead of the forthcoming AGM to enable larger returns of capital through efficient distributions to maximise shareholder value.

During the period, the Company bought back 7.2m shares into treasury, at a cost of £6.3m during the year ended 30 September 2023. The Board has agreed that shares bought into treasury will only be re-issued in the event of the share price trading at a premium to the NAV per share as Ordinary shares can be re-issued out of treasury less expensively than new Ordinary shares can be issued. Although shares may be held in treasury indefinitely, the Board has adopted a policy such that, in the event that the number of treasury shares represents more than 10% of the Company's issued share capital (excluding treasury shares) at the end of any financial year, the Company will cancel a proportion of its treasury shares such that the remaining balance will equal 7.5% of the issued share capital (excluding treasury shares). In compliance with this policy, the Company cancelled 14m treasury shares on 29 September 2023, resulting in 301,265,952 shares with voting rights and an additional 22,485,854 shares in treasury, as at 30 September 2023.

Gearing

The Company had a net cash position of 1.5% at 30 September 2023 as compared to net gearing of 2.0% as at 30 September 2022, with the £16.1m 6.25% 2031 Bonds priced at fair value. The Board intends to repay the Bonds if shareholders approve proposals to place the Company into Managed Wind-Down.

Chairman's Statement

Continued

Board evaluation

As part of its annual board evaluation the Board engaged a leading third-party adviser to undertake an independent evaluation of the Board, its committees and individual Directors. Assessments were undertaken on each Director and then discussed by the Board. The evaluation confirmed that the Company's Board has in place an appropriate balance of experience, skills, corporate knowledge and gender diversity (60% male, 40% female). Through recent changes to the listing rules boards are required to report whether specific targets are met and publish data on the composition of the board by gender and ethnic backgrounds. Currently the Board meets two of the criteria that at least 40% of Directors should be women and at least one senior board position (Chair, CEO, CFO or SID) should be a woman. The Board will seek to comply with the listing rules and UK Corporate Governance Code but explain where compliance is not practical and feasible, given the proposals to place the Company into Managed Wind-Down.

Environmental, social and governance ("ESG")

There is no simple answer to sustainable investing and to balancing policies that accommodate climate change with the duty to optimise shareholder returns, especially as some of the strongest returns in markets this year have come from fossil fuel companies on the back of soaring energy prices. It is however very clear that ESG factors need to be carefully considered and active engagement with investee companies is required in order to help drive change and increase sustainability. Taking account of ESG factors is now an integral part of the investment process at abrdn, as is ongoing monitoring of the ESG performance of investments in the portfolio. Equally as importantly, the investment teams undertake constructive engagement with the investments held, in both public and private markets, on ESG issues and related risks. More detail on the approach to ESG can be found in the comments on Socially Responsible Investment Policy in the Overview of Strategy as well as the comments on ESG which are set out in the Investment Manager's Report. The Board continues to review closely the Manager's approach to, and adherence with, its ESG philosophy and policies.

Board

Anna Troup has indicated that she does not intend to stand for re-election as a Director at the AGM. The remaining Directors would like to take this opportunity to thank Anna for her substantial contributions to the Board.

AGM

This year's AGM is scheduled to be held in Wallacespace, 15 Artillery Lane, London E1 7HA at 9.30am on 27 February 2024. Further information on certain resolutions to be put to shareholders at the AGM may be found on pages 125 to 129.

Summary

Global markets continue to be volatile, and, whilst there are some positive signs of recovery as inflation abates, the medium-term outlook for UK equity markets remains subdued, especially in terms of the investment trust sector. This is likely to continue to weigh on ADIG's valuation relative to NAV, hence the proposals we are putting forward for an orderly Managed Wind Down which seeks to optimise shareholder value. Should shareholders vote to accept the proposals, the Board and Investment Manager will begin to conduct an orderly realisation of the Company's assets with a view to returning cash to Shareholders promptly, whilst aiming to optimise valuations.

On behalf of the whole Board, I would like to extend my sincere thanks to all of our shareholders for their patience, support and constructive feedback throughout this period. We look forward to engaging with you further in the lead-up to the AGM and beyond.



Davina Walter
Chairman
9 January 2024

Overview of Strategy

The investment objective and investment policy set out below reflect the investment strategy pursued by the Company during the year ended 30 September 2023.

The Managed Wind-Down, described in the Chairman's Statement on page 8, will require shareholder approval to amend both the investment objective and investment policy and will also be conditional on shareholders approving the continuation of the Company.

Investment Objective

abrdr Diversified Income and Growth plc (the "Company") seeks to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

Alongside this objective, the Board uses a Total Return (defined as dividends plus change in NAV) of 6% per annum over a rolling five year period against which to measure the returns from the portfolio.

Investment Approach

The Company is an investment trust governed by a Board of Directors with its Ordinary shares listed on the premium segment of the London Stock Exchange. It outsources its investment management and administration to an investment management group, abrdr plc (the "Group"), and other third party providers. The Company does not have a fixed life, but a resolution on whether the Company should continue is put to shareholders at each Annual General Meeting.

The Company invests globally using a flexible multi-asset approach via quoted and unlisted (Private Markets) investments providing shareholders with access to the kind of diversified portfolio held by large, sophisticated global investors.

It offers an attractive investment proposition characterised by:

- a genuinely diversified portfolio with access to a wide selection of alternative asset classes;
- an attractive income with the potential to grow;
- volatility around half that of equities; and
- the broad resources of abrdr plc.

An appropriate spread of risk is sought by investing in a diversified portfolio of securities and other assets. This includes, but is not limited to:

- Private Markets, comprising private equity, private credit, real estate, infrastructure, natural resources and unlisted alternatives;

- Listed Equities (including global equities, European green infrastructure, UK mid-cap equities as well as listed alternatives, such as royalties and litigation finance); and
- Fixed Income and Credit, comprising global loans, asset backed lending, and emerging/frontier market debt.

Asset allocation is flexible allowing investment in the most attractive investment opportunities at any point in time whilst always maintaining a diversified portfolio. The Company leverages off the spread of capabilities and experience within abrdr plc and may invest in funds managed by abrdr Fund Managers Limited (the "Manager") where such allocation can offer requisite exposure to certain alternative asset classes in a cost effective manner.

Investment Policy

As announced by the Company on 14 December 2023, implementation of the proposals for a Managed Wind-Down of the Company will require both regulatory and shareholder approval to amend the Company's investment objective and policy.

Full details of the proposed investment objective and policy will be set out in a circular to shareholders to be published as soon as practicable.

The Company's current Investment Policy incorporates the following investment restrictions, at the time of investment, which the Manager must adhere to:

- no individual quoted company or transferable security exposure in the portfolio may exceed 15% of the Company's total assets, other than in treasuries and gilts;
- no other individual asset in the portfolio (including property, infrastructure, private equity, commodities and other alternative assets) may exceed 5% of the Company's total assets;
- the Company will not normally invest more than 5% of its total assets in the unlisted securities issued by any individual company; and
- no more than 15% of the Company's total assets may be invested in an individual regulated pooled investment fund.

The Company may invest in exchange-traded funds provided they are quoted on a recognised investment exchange. The Company may invest in cash and cash equivalents including money market funds, treasuries and gilts.

Overview of Strategy

Continued

No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies. This restriction does not apply to investments in any such listed closed-ended investment companies which themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies.

The Company may use derivatives to enhance portfolio returns (of a capital or income nature) and for efficient portfolio management, that is, to reduce, transfer or eliminate risk in its investments, including protection against currency risks.

The Company may use gearing, in the form of borrowings and derivatives, to enhance income and capital returns over the long term. The borrowings may be in sterling or other currencies. The Company's articles of association contain a borrowing limit equal to the value of its adjusted total of capital and reserves. However, borrowings would not normally be expected to exceed 20% of shareholders' funds. Total gearing, including net derivative exposure, would not normally be expected to result in a net economic equity exposure in excess of 120%.

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

Management and Delivery of the Investment Objective

The Directors are responsible for determining the Company's investment objective and investment policy. Day-to-day management of the Company's assets has been delegated to abrdn Fund Managers Limited (the "Manager"). In turn, the investment management of the Company has been delegated by the Manager to abrdn Investments Limited (the "Investment Manager"). Both companies are subsidiaries of abrdn plc.

Investment Process

The Investment Manager believes that many investors could materially improve their long-run returns and/or reduce risk by having a more diversified portfolio. The Investment Manager's aim is to build a genuinely diversified portfolio consisting of a wide range of assets, each with clear, fundamental performance drivers that will deliver an attractive return for the Company's shareholders. The Investment Manager engages all of its research capabilities, including specialist macro and asset class researchers, to identify appropriate investments. The approach, which incorporates a robust risk framework, is not constrained by a benchmark mix of assets. This flexibility ensures that the Investment Manager does not feel compelled to invest shareholders' capital in investments which they believe to be unattractive.

The Company's portfolio consists of investments from a wide range of asset classes including, but not limited to, Private Markets (such as private equity, private credit, real estate, infrastructure, natural resources and unlisted alternatives), Listed Equities (including global equities, European green infrastructure, UK mid-cap equities as well as listed alternatives, such as royalties and litigation finance) and Fixed Income and Credit (such as global loans, asset backed lending, and emerging/frontier market debt). Detailed investment research (including operational due diligence for unlisted funds managed by third parties) is carried out on each potential opportunity by specialist teams within the Investment Manager.

The weighting ascribed to each investment in the portfolio reflects the perceived attractiveness of the investment case, including the contribution to portfolio diversification. The Investment Manager also ensures that the weighting is in keeping with its overall strategic framework for the portfolio based on the return and valuation analysis of the Investment Manager's Research Institute. The fundamental and valuation drivers of each investment are reviewed on an ongoing basis.

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 its progress in pursuing its investment policy. For further information on the KPI relating to the discount to NAV, please see references in the Chairman's Statement on page 9. The primary KPIs, all of which are Alternative Performance Measures (see page 120 to 123 for further information), are shown in the table below.

KPI	Description
Investment performance	<p>The Board reviews the performance of the portfolio as well as the net asset value and share price for the Company over a range of time periods in light of the Company's investment objective to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio (see Alternative Performance Measures on pages 120 to 123). The Board also reviews NAV and share price performance in comparison to the performance of competitors in the Company's chosen peer group.</p> <p>The Board monitors the Company's income yield. The Board reviews the sustainability of the Company's dividend policy and regularly reviews revenue forecasts and analysis provided by the Investment Manager on the sources of portfolio income in order to monitor the extent to which dividends are covered by net earnings. The Company's performance returns may be found on page 22.</p>
Premium/discount to net asset value ("NAV")	<p>The Board monitors the level of the Company's premium or discount to NAV and considers strategies for managing this.</p> <p>The Manager seeks to generate attractive risk adjusted returns by investing in, or committing to, new or existing opportunities, whilst having particular regard to the Company's return target, and taking into account income, predicted cash flows, market risk and liquidity requirements. It is proposed that where such opportunities are limited due to market conditions, then subject to overall liquidity needs, available cash may be used under the Company's share buyback authority, granted annually by shareholders, to purchase Ordinary shares of the Company, where to do so represents a better opportunity to deliver long-term shareholder value without disrupting the overall portfolio.</p> <p>In addition, the Company has adopted a formal policy for the issuance of new shares and/or the sale of shares from treasury to meet demand for shares in the market, and will only issue or sell shares from treasury where the Company's share price is trading at a minimum premium to its net asset value per share (calculated including income, with debt at fair value, at the Directors' discretion).</p>
Ongoing charges	<p>The ongoing charges ratio has been calculated in accordance with guidance issued by the Association of Investment Companies (the "AIC") as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year. This includes the Company's share of costs of holdings in investment companies on a look-through basis. The Board reviews the ongoing charges and monitors the expenses incurred by the Company. The Company's ongoing charges for the year, and the previous year, are disclosed on page 5 while the basis of calculation is set out on page 122.</p>

Overview of Strategy

Continued

Principal Risks and Uncertainties

The Board has in place a robust process to assess and monitor the principal and emerging risks facing the Company. A core element of this is the Company's risk controls self-assessment ("RCSA"), which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of the controls in place to mitigate the risk. A residual risk rating is then calculated for each risk based on the outcome of this assessment and plotted on a risk heat-map. This approach allows the effect of any mitigating procedures to be reflected in the final assessment. The RCSA, its method of preparation and the operation of the key controls within the Manager's and third party service providers' systems of internal control are reviewed on a regular basis by the Audit Committee.

In order to gain a more comprehensive understanding of the Manager's and other third party service providers' risk management processes and how these apply to the Company's business, the Manager's internal audit department presents to the Audit Committee setting out the results of testing performed in relation to the Manager's internal control processes. The Audit Committee also periodically receives presentations from the Manager's risk and compliance and internal audit teams and reviews ISAE3402 reports from the Manager

and from the Company's Depository (The Bank of New York Mellon (International) Limited). The custodian is appointed by the Company's Depository and does not have a direct contractual relationship with the Company.

The Board has carried out a robust assessment of these risks, which include those that would threaten its business model, future performance, solvency or liquidity. The Board is confident that the procedures which the Company has in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the year ended 30 September 2023.

The Board is monitoring the current heightened geopolitical risks in the form of the Russian invasion of Ukraine, conflict in the Middle East and rising tension between China and Taiwan.

The Board is also conscious of the elevated threat posed by climate change and continues to monitor, through its Investment Manager, the potential risk that its portfolio investments may fail to adapt to the requirements imposed by climate change further details may be found under 'Market Risk'.

Other than this, the Audit Committee does not consider that the principal risks and uncertainties have changed materially during the year ended 30 September 2023.

Risk	Mitigating Action
<p>Performance risk (increased)</p> <p>The Board is responsible for determining the investment policy to fulfil the Company's objectives and for monitoring the performance of the Company's Investment Manager and the strategy adopted. An inappropriate policy or strategy may lead to poor performance, dissatisfied shareholders and a lower premium or higher discount. The Company may invest in unlisted investments (such as private credit, real estate, infrastructure, natural resources, private equity and alternatives). These types of investments are expected to have a different risk and return profile to the rest of the Company's investment portfolio. They may be relatively illiquid and it may be difficult for the Company to realise these investments over a short time period, which may have a negative impact on performance.</p>	<p>To manage these risks the Board reviews the Company's investment mandate and long term strategy at least annually and monitors, at each Board meeting, that appropriate limits are in place on the overall level of unlisted alternative assets and gearing. It is expected that around 55% of the Company's total assets, at the time of investment, may be invested in aggregate in unlisted alternative assets. The strategic review (see page 8 for details) was effected in response to a perception of increased performance risk, due to the widening discount. This has culminated in the Board's decision to pursue proposals to place the Company in a Managed Wind-Down, in order to effect an orderly realisation of assets to optimise value for shareholders.</p> <p>The Investment Manager provides the Board with an explanation of significant investment decisions, the rationale for the composition of the investment portfolio and movements in the level of gearing. The Board monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with particular countries or factors specific to particular sectors, based on the diversification requirements inherent in the Company's investment policy.</p>

Risk	Mitigating Action
<p>Portfolio risk (unchanged)</p> <p>Risk analysis for a multi-asset portfolio needs to consider the interaction of asset classes and how these might correlate, or offset each other, under various scenarios.</p>	<p>The Board employs several strategies to monitor and assess that portfolio risk is appropriate. These include regular analysis of various risk metrics including asset class risk attribution, asset class returns and contributions to performance, particularly in periods of equity market stress, and how the current portfolio would perform in various forward-looking and historical scenarios.</p>
<p>Gearing risk (unchanged)</p> <p>The Company has the authority to borrow money or increase levels of market exposure through the use of derivatives and may do so when the Investment Manager is confident that market conditions and opportunities exist to enhance investment returns. However, if the investments fall in value, any borrowings will magnify the extent of this fall in value.</p>	<p>All borrowings require the approval of the Board and gearing levels are reviewed regularly by the Board and the Investment Manager. Borrowings (including the Bonds) would not normally be expected to exceed 20% of shareholders' funds. Total gearing, including net derivative exposure, would not normally be expected to result in net economic equity exposure in excess of 120%.</p>
<p>Income/dividend risk (unchanged)</p> <p>The amount of dividends received will depend on the Company's underlying portfolio. Any change in the tax treatment of the dividends or interest received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of earnings available for distribution to shareholders.</p>	<p>The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income and expenses at each meeting.</p>
<p>Regulatory risk (unchanged)</p> <p>The Company operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments. Following authorisation under the Alternative Investment Fund Managers Directive ("AIFMD"), the Company and its appointed AIFM are subject to the risk that the requirements of this Directive are not correctly complied with.</p>	<p>The Investment Manager monitors investment movements, the level and type of forecast income and expenditure and the amount of proposed dividends, if any, to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached and the results are reported to the Board at each meeting. The Board and the AIFM also monitor changes in government policy and legislation which may have an impact on the Company.</p>
<p>Operational risk (unchanged)</p> <p>In common with most other investment trust companies, the Company has no employees. The Company therefore relies upon the services provided by third parties and is dependent on the control systems of the Manager and the Depositary.</p>	<p>The security of the Company's assets, dealing procedures, accounting records and maintenance of regulatory and legal requirements depends on the effective operation of the systems in place with third parties. These systems are regularly tested and monitored throughout the year, including in relation to cyber risk, through their industry-standard controls reports which provide assurance on the effective operation of internal controls. The controls reports are assessed independently by their reporting accountants.</p>

Overview of Strategy

Continued

Risk	Mitigating Action
<p>Market risk (unchanged)</p> <p>Market risk arises from volatility in the prices or valuation of the Company's investments. It represents the potential loss the Company might suffer through holding investments in the face of negative market movements.</p> <p>The Company invests in global assets across a range of countries and changes in general economic and market conditions in certain countries, such as interest rates, exchange rates, rates of inflation, industry conditions, competition, political events and trends, tax laws, national and international conflicts, economic sanctions and other factors can also substantially and adversely affect the securities and, as a consequence, the Company's prospects and share price.</p> <p>Current heightened geopolitical risks are evident in the form of the Russian invasion of Ukraine, conflict in the Middle East and rising tension between China and Taiwan.</p> <p>The longer term emergence of the effects on investee companies of climate change, and the regulatory environment around this present a further risk.</p>	<p>The Board considers the diversification of the portfolio, asset allocation, stock selection, unlisted investments and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager. The Board monitors the implementation and results of the investment process with the Investment Manager.</p> <p>The Board assesses climate change as an emerging risk in terms of how it develops, including how investor sentiment is evolving towards climate change within investment portfolios, and will consider how the Company may mitigate this risk, any other emerging risks, if and when they become material.</p> <p>The Board regularly engages with the Manager to understand how climate change, represented by environmental factors as part of ESG, is a key consideration within the Manager's investment process (see also pages 41 to 44 for further information on the Manager's ESG).</p>
<p>Financial risks (unchanged)</p> <p>The Company's investment activities expose it to a variety of financial risks which include foreign currency risk and interest rate risk.</p>	<p>Further details are disclosed in note 17 to the financial statements, together with a summary of the policies for managing these risks.</p>

The Board regularly reviews emerging risks facing the Company, which are identified by a variety of means, including advice from the Company's professional advisors, the AIC, and Directors' knowledge of markets, changes and events. A failure to have in place appropriate procedures to assist in identifying emerging risks may cause reactive actions and, in the worst case, could cause the Company to become unviable or otherwise fail.

The principal risks associated with an investment in the Company's shares can be found in the pre-investment disclosure document ("PIDD") published by the AIFM, which is available from the Company's website: abrdndiversified.co.uk

Gearing

As at 30 September 2023, the Company had in place structural gearing in the form of £16,096,000 6.25% Bonds 2031 (the "Bonds"). The Board is responsible for determining the gearing strategy for the Company, with day-to-day gearing decisions being made by the Manager within the remit set by the Board. The Board has set its gearing limit at a maximum of 20% of the net asset value at the time of draw down. The Board monitors the gearing position regularly and considers alternative financing options. Please see references in the Chairman's Statement, on page 8, to the proposed repayment of the Bonds in 2024.

Board Diversity

The Board is fully supportive of all aspects of diversity and the importance of having a range of skilled, experienced individuals with relevant knowledge in order to allow it to fulfil its obligations. Further information on Board Diversity may be found in the Directors' Report, on pages 49 and 50.

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to, and participation in, the promotional programme (the "Programme") run by abrdn on behalf of a number of investment trusts under its management. The Company's financial contribution to the Programme is matched by abrdn which regularly reports to the Board, including analysis of the effectiveness of the Programme as well as updates on the shareholder register and any changes in the composition of that register.

The purpose of the Programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of the Company is key and therefore the Company also supports abrdn's investor relations programme which involves regional roadshows, promotional and public relations campaigns. The Programme will be reviewed by the Board in the context of the proposals for the Managed Wind-Down of the Company.

Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated the day to day management and administrative functions to the Manager. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is set out below and the Board maintains oversight and retains responsibility for the policy.

Socially Responsible Investment Policy

The Directors review the Manager's policy that encourages companies in which investments are made to adhere to best practice in the area of corporate governance and socially responsible investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas. The Manager's ultimate objective, however, is to deliver superior investment returns for its clients. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in these areas, this should not be to the detriment of the return on the investment portfolio. Further details on the Manager's Environmental, Social and Governance ("ESG") engagement process can be found on pages 41 to 44.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

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 Manager's response to the FRC's Stewardship Code 2020 may be found on its website.

Modern Slavery Act

Due to the nature of the Company's business, being an investment 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.

However, the Board maintains oversight of its third party suppliers and considers that, as these comprise predominantly professional advisers and service providers in the financial services industry, the risk is likely to be low in relation to this matter.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. However, at the portfolio level, the Manager engages on environmental issues with underlying investments as part of its ESG policy.

Overview of Strategy

Continued

Viability Statement

In accordance with the provisions of the UKLA's Listing Rules and the FRC's UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for the period up to the AGM in 2026, being a three year period from the date of shareholders' approval of this Annual Report. The three year review period was selected because it is aligned with the proposals for a Managed Wind-Down of the Company, as set out in the Chairman's Statement on page 8. The Board considers that this period reflects a balance between looking out over a medium term horizon and the inherent uncertainties of looking out further than three years, given the profile of the Company's investments.

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

- the principal risks and uncertainties detailed on pages 14 to 16 and the steps taken to mitigate these risks;
- the relevance of the Company's investment objective and investment policy;
- the return of capital to shareholders;
- the annual continuation vote to be put to shareholders at the AGM on 27 February 2024, and the proposals to place the Company in a Managed Wind-Down; and
- the level of demand for the Company's shares.

The three-year review considers the Company's cash flow, cash distributions and other key financial ratios over the period. The three-year review also makes certain assumptions about the normal level of expenditure likely to occur and considers the impact on the financing facilities of the Company. Whilst the financial statements have been prepared on a going concern basis, there is a material uncertainty in respect of the continuation vote and Managed Wind-Down of the Company (see note 2 (a) on pages 80 and 81 for related basis of preparation disclosures).

In making this assessment, the Board has considered in particular the potential longer term impact of a large economic shock, a period of increased stock market volatility and/or markets at depressed levels, a significant reduction in the liquidity of the portfolio or changes in investor sentiment or regulation, and how these factors might affect the Company's prospects and viability in the future. The Board reviewed a cash flows analysis in reaching its conclusions, but recognised that the

Company's operating expenses are significantly lower than its total income.

The Board has also considered a number of financial metrics, including:

- the level of current and historic ongoing charges incurred by the Company;
- the share price discount to NAV;
- the level of income generated by the Company;
- future income forecasts; and
- the liquidity of the Company's portfolio.

Considering the liquidity of the portfolio and the largely fixed overheads which comprise a small percentage of net assets, the Board has concluded that, even in exceptionally stressed operating conditions, the Company would be able to meet its ongoing operating costs as they fall due.

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

Outlook

The Board's view on the general outlook for the Company can be found in the Chairman's Statement on page 10 under "Summary" while the Investment Manager's views on the outlook for the portfolio are included in its report under "Where do we go from here?" on pages 29 to 31.

On behalf of the Board

Davina Walter

Chairman

9 January 2024

Promoting the Success of the Company

The Board is required to report how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 during the year under review. Under this requirement, the Directors have a duty to promote the success of the Company for the benefit of its members (shareholders) 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. In addition, the Directors must act fairly between shareholders and be cognisant of maintaining the reputation of the Company.

The Purpose of the Company and Role of the Board

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

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

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect as well as the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager operates at its regular meetings and receives regular reporting and feedback from the key service providers.

The Company's main stakeholders are its shareholders, the Manager, investee companies and funds, service providers and the holders of the Company's Bonds.

Promoting the Success of the Company

Continued

How the Board Engages with Stakeholders

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

Stakeholder	How the Board Engages
Shareholders	<p>Shareholders are key stakeholders and the Board places great importance on communication with them, and meet, in the absence of the Manager, with current and prospective shareholders to discuss performance and to receive shareholder feedback. The Board welcomes all shareholders' views.</p> <p>Part of that engagement has been to evaluate the feedback from shareholders regarding the Company's share price and the persistent discount to NAV at which its shares trade, culminating in the proposals for a Managed Wind-Down of the Company.</p> <p>Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, Manager's monthly factsheets, company announcements, including daily net asset value announcements, and the Company's website.</p>
Manager	<p>The Investment Manager's Report on pages 25 to 31 sets out the key investment decisions taken during the year. The Investment Manager has continued to manage the Company's assets in accordance with the mandate provided by shareholders, with the oversight of the Board.</p> <p>The Board regularly reviews the Company's performance against its investment objective and the Board undertakes an annual strategy review to ensure that the Company is positioned well for the future delivery of its objective for its stakeholders.</p> <p>The Board receives presentations from the Investment Manager at every Board meeting to help it to exercise effective oversight of the Investment Manager and the Company's strategy.</p> <p>The Board, through the Management Engagement Committee, formally reviews the performance of the Manager at least annually. More details are provided on pages 50 and 51.</p>
Investee Companies and Funds	<p>Responsibility for actively monitoring the activities of investee companies and funds has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.</p> <p>The Board has also given discretionary powers to the Investment Manager to exercise voting rights on resolutions proposed by the investee companies within the Company's portfolio.</p> <p>The Board and Manager are committed to investing in a responsible manner and the Investment Manager integrates environmental, social and governance considerations into its research and analysis as part of the investment decision-making process. Through engagement and exercising voting rights, the Investment Manager actively works with companies to improve corporate standards, transparency and accountability. Further details are provided on pages 41 to 44.</p>
Service Providers	<p>The Board seeks to maintain constructive relationships with the Company's suppliers, either directly or through the Manager, with regular communications and meetings.</p> <p>The Audit Committee conducts an annual review of the performance, terms and conditions of the Company's main service providers to ensure they are performing in line with Board expectations and providing value for money.</p>
Debt Providers	<p>On behalf of the Board, the Manager maintains a positive working relationship with Law Debenture Trust p.l.c. as trustee on behalf of the holders of the Company's Bonds, ensuring compliance with its covenants.</p>

Specific Examples of Stakeholder Consideration During the Year

While the importance of giving due consideration to the Company's stakeholders is not new, and is considered as part of every Board decision, the Directors were particularly mindful of stakeholder considerations during the following decisions undertaken during the year ended 30 September 2023.

Independent evaluation of the Board

In September 2023, the Company engaged Lintstock Ltd to undertake an independent external evaluation of the effectiveness of the Board. Further information may be found in the Directors' Report on page 51, under the Nomination Committee section.

Dividends Paid to Shareholders

The level, frequency and timing of dividends paid are key considerations for the Board, taking into account net earnings for the year and the Company's objective of providing shareholders with dependable income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

The total dividends per share of 7.33p in respect of the year, including a special dividend of 1.65p per share, represent an increase of 30.9% on the prior year.

Share Buy Backs

During the year the Company bought back 7.2m Ordinary shares to be held in treasury, providing a small accretion to the NAV and a degree of liquidity to the market at times when the discount to the NAV per share had widened during normal market condition.

Performance and Results

Performance (total return)

	31 March 2017 ^B - 30 September 2023 % return	31 December 2020 ^C - 30 September 2023 % return	1 year % return	3 years % return	5 years % return
Net asset value – debt at par ^A	+13.3	+8.8	+0.4	+6.5	+8.4
Net asset value – debt at fair value ^A	+21.6	+11.1	+0.4	+14.4	+14.5
Share price ^A	+2.3	-3.0	-0.7	+9.0	-11.3

^A Considered to be an Alternative Performance Measure. Total return represents the capital return plus dividends reinvested. Further details can be found on page 123.

^B Change of Investment Objective and Investment Policy on 31 March 2017.

^C Change of Investment Objective and Investment Policy on 31 December 2020.

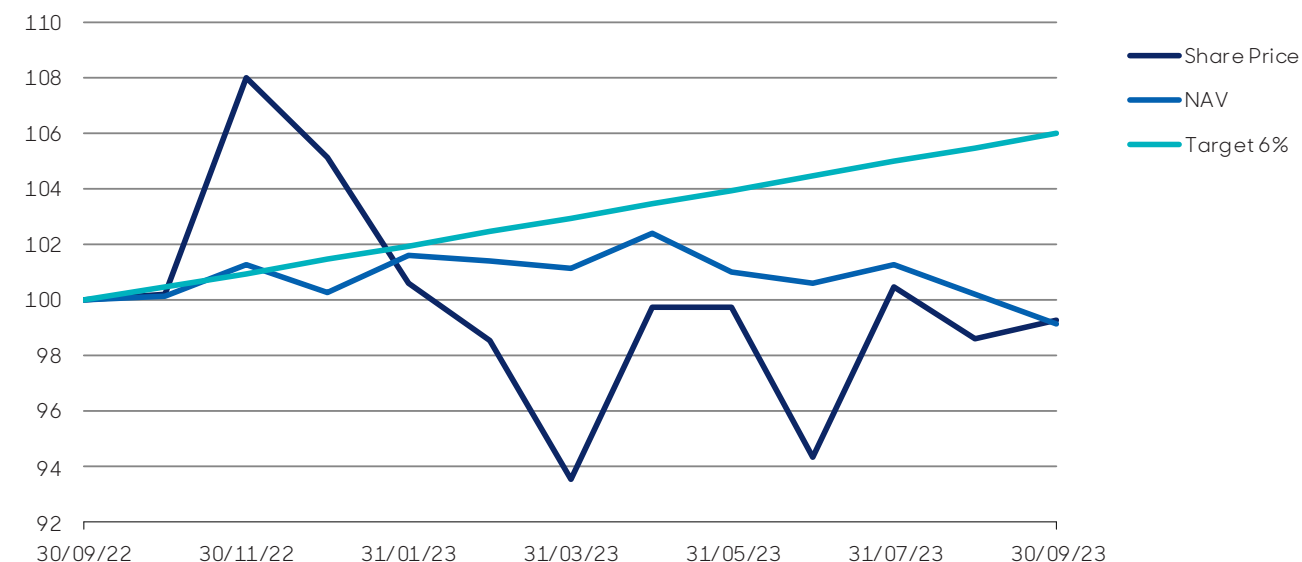
Source: abrdn, Morningstar and Lipper.

Ten Year Financial Record

Year to/As at 30 September	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total revenue (£'000)	23,608	23,120	23,265	17,961	23,262	22,106	20,783	18,878	17,959	17,163
Per Ordinary share (p)										
Net revenue return	7.0	7.1	7.6	5.3	6.2	5.7	5.6	5.1	5.0	4.4
Total return	9.3	(4.5)	1.3	8.0	2.8	2.6	(1.4)	6.7	(0.2)	(0.1)
Net dividends payable	6.44	6.54	6.54	5.89	5.24	5.36	5.44	5.52	5.60	7.33
Net asset value per Ordinary share (p)										
Debt at par value	147.5	136.6	131.6	132.7	130.3	128.1	121.7	123.5	117.8	112.7
Debt at fair value	143.3	131.0	123.6	126.4	124.2	119.9	113.4	121.7	117.6	112.6
Equity shareholders' funds (£'000)	426,865	374,832	351,521	436,767	428,129	413,679	386,230	382,118	363,358	339,534

Total Return of NAV (debt at fair value) and Share Price

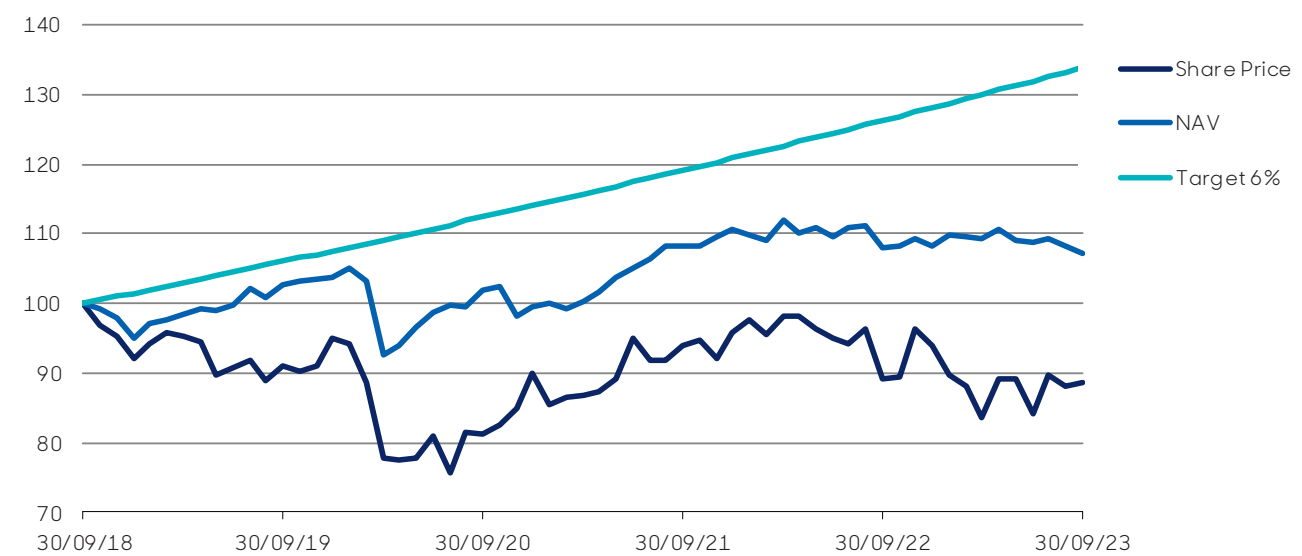
Year ended 30 September 2023



Source: Morningstar & Lipper

Total Return of NAV (debt at fair value) and Share Price

30 September 2018 to 30 September 2023 (all figures rebased to 100 at 30 September 2018)



Source: Morningstar & Lipper

Information about the Manager

abrdrn Fund Managers Limited

The Company's Manager is abrdrn Fund Managers Limited, a subsidiary of abrdrn plc which manages a combined £496 billion (as at 30 June 2023) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

The Investment Team



Nalaka De Silva

Head of Private
Markets Solutions

Nalaka has 20 years' experience in developing, implementing and managing strategies across the Public and Private Markets spectrum. This includes investments across Private Equity, Infrastructure, Real Estate, Natural Resources and Private Credit on a global basis. Solutions based strategies are designed around client outcomes including growth, income and proactive ESG strategies.

Nalaka joined abrdrn in 2012. Prior to this, Nalaka held senior roles at Australian and European Investment management firms. He has lead M&A activity, off-market acquisitions and divestments of assets together with offshore and onshore capital raising in debt and equity markets. Nalaka is a qualified Chartered Accountant and holds a postgraduate degree in Commercial Law and Accounting.



Simon Fox

Senior Investment Director

Simon is a Senior Director in the Global Active Allocation team within Multi-Asset and Investment Solutions. Prior to joining in 2015, Simon was at Mercer for twelve years, initially as a senior client consultant responsible for advising on investment strategy, portfolio structuring, manager selection, and performance monitoring. Later on, he joined Mercer's Alternatives boutique as a Director of Research with client consulting responsibilities, including coverage of macro, currency and commodity strategies and multi-asset investments; and sat on the Alternatives Investment Committee. Throughout this period, Simon was a regular contributor to Mercer's broader intellectual capital - from hedge funds to commodities, timberland and agriculture. Simon has a Masters in European Politics and Policy from the LSE and an MA(Oxon) in Mathematics from Oxford University. He is also a CFA® charterholder.



Nic Baddeley

Investment Manager

Nic has 8 years' experience in investment analysis and management working across public and private asset classes. He is responsible for the management of private markets portfolios undertaken by the Private Markets Solutions desk, as well as the continual development of investment processes, portfolio management and risk management techniques. Prior to joining the current team, Nic worked as an analyst with the global listed real estate team, responsible for sector coverage of the Chinese housebuilders, portfolio construction, and risk measurement.

Nic joined abrdrn in 2015, prior to which he worked as a data scientist for a global data consultancy, and as an investment analyst at Mercer focussing on strategy analysis and fund recommendations for institutional investors. Nic graduated from the University of Edinburgh with an MA (Hons) degree in Psychology and is a CFA® charterholder.

Investment Manager's Process

Investment Manager's Process

Risk management is embedded in the Investment Manager's process. The approach is based around four pillars: Diversification principles, Risk models, Scenario analysis and Peer review. In addition, liquidity risk is also actively monitored, both by the Investment Manager and via regular independent stress tests.

Further detail on each of the pillars is provided below:

· **Diversification principles**

The Investment Manager believes that diversification is a necessary element of any robust multi-asset portfolio, reducing portfolio volatility in the short term and reducing the reliance on any one asset class over the medium to long-term. Diversification benefits arise from the range of assets that are considered within the Company's portfolio; the longer-term modelling that is used to establish the strategic framework; and they are also actively considered as part of the day to day decision making for the portfolio. The Investment Manager seeks to ensure that there is not a disproportionate exposure or contribution to portfolio risk from any one asset class or investment.

· **Risk models**

The second pillar of the risk management approach is the use of quantitative risk models. Although the Investment Manager acknowledges that risk models can have their limitations, it believes that they are a valuable input into the broader process. In particular, they can provide an efficient, clear and objective view on the portfolio's risk exposures at any given time.

· **Scenario analysis**

While the risk models include certain historic stress test scenarios in their analysis, it is important to also consider how investments in the portfolio might be expected to behave in various hypothetical scenarios. The scenario analysis harnesses both the experience of the investment team and the broader insights gained from across abrdn. From this analysis, the Investment Manager is seeking to gain comfort that the potential risk of, and impact from, any given scenario is acceptable. This helps to ensure that the portfolio is resilient to the wide range of scenarios that might play out over time.

· **Peer review**

To ensure that the Investment Manager is capturing the best ideas within the portfolio, the investment process has been designed to source views from across the business and reflect back its own insights. On a formal basis, the peer review process also includes oversight from a monthly meeting of the Investment Manager's Diversified Asset Review Group as well as input from abrdn's independent risk team and liquidity stress tests undertaken by the dealing desk.

Investment Manager's Report

This Investment Manager's Report relates to the year ended 30 September 2023.

As explained in the Chairman's Statement, on page 8, the Company has put forward proposals to shareholders for a Managed Wind-Down which, if approved, would include a revised investment policy including the cessation of new investments by the Company with the exception of funding commitments for existing investments.

Introduction

Markets have continued to be volatile in 2023, continuing the trend of recent years. The driver this year is a significant undercurrent of stubborn inflation coupled with rising geopolitical tensions. Market optimism about generative artificial intelligence solutions ushering in a new technological era has provided a balm at times, but outside of this, positive investment performance has been hard to come by for many investors as rising interest rates start to stifle growth.

Can central bankers thread the needle?

In the last Annual Report, we noted that inflation was the number one factor driving markets, and this has remained the story in 2023. Headline inflation appears to have peaked in developed markets; core inflation has also come down, but remains somewhat stickier. The challenge for central bankers from here is to thread the needle of holding rates high enough to keep inflationary pressures at bay and bring inflation back to target while at the same time, not tipping economies into recession. The US appears to be treading this path well, while data in the UK and Europe is suggestive of a more imminent downturn.

Geopolitics has also remained an issue in 2023, with the situation in Ukraine showing no signs of meaningful change, while just after year end, the Israeli-Palestinian conflict saw the deadliest events in over 50 years. Worries are that the situation could escalate into a wider regional confrontation.

Optimism around AI was a large driver of markets, with an explosion of Large Language Models (LLMs) and generative AI tools such as ChatGPT gaining headlines, but also ushering in new ways of working. These tools have the potential to increase productivity, with new models with abilities and functions being released regularly. Industries supporting this high growth area and related indices performed strongly as a result, with the NASDAQ

up over 30% in local currency terms, outperforming the S&P 500 in the US by nearly 15%. Nvidia, a leading supplier of specialist AI hardware, has seen its market cap move from \$300bn to over \$1trn. In fact, the "Magnificent Seven" stocks (Apple, Amazon, Microsoft, Alphabet, Meta, Netflix, Nvidia), were responsible for 45% of the entire S&P 500 returns.

With investors concerned that entrenched inflation and sustained rate rises could result in tougher financial conditions the impact across private markets was varied. Deal activity across US and European private equity was down in H1 2023. However, levels of activity did vary across sectors with some proving to be more resilient than others. Financial services proved to be resilient as the rise in interest rates has resulted in consolidation across the sector and the expectation is that this will continue. It is likely that investors are waiting to see the extent of valuation corrections before activity across all sectors picks back up. Within private credit as borrowing costs have gone up private equity firms continue to turn to private credit to finance transactions, shifting away from syndicated loan markets offered by the traditional banks. Default rates are increasing, up to 4.5% in Q1 2023, as coverage ratios have dropped. In this climate, it is important to be rewarded for the level of risk. Across real assets, infrastructure deal volumes were also down, the lowest since H1 2020, 1,336 deals totalling \$394.83bn in H1 2023 but energy transition sectors continued to grow. This is not surprising as energy-security continues to be a priority and demand remains robust for assets that are driving the energy transition. Real estate liquidity is generally very low, and investors are waiting to see where values have shifted meaning transactions volumes have fallen; down roughly 55% vs 2022 in Europe. In Europe, there is a stronger preference for logistics and residential as long-term drivers such as e-commerce and supply chain modernisation for the former and demographic/supply trends for the latter remain in place. In Asia-Pacific we see that fundraising has skewed towards opportunistic strategies. Overall, the delay in recovery is likely to come from tighter lending conditions and recession, although relative value is building back up. In summary, risks remain elevated, so a cautious approach must be taken at this time.

A stable NAV in a volatile environment

On an absolute and relative basis, the return on net asset value ("NAV"), with debt at fair value and including income, has been reasonable during the period. The Company delivered a total NAV return of 0.4% with 3.6% volatility, a good risk adjusted return per unit of risk taken. This compared with a 13.2% return in equities as measured by the FTSE All-Share Index with 11.6% volatility, and -0.6% in government bonds as measured by the ICE BofA UK Gilt Index with a volatility of 11.5%. The share price total return was -0.7% during the period.

The Company has been able to protect capital in an incredibly challenging market environment, with Higher Yielding Fixed Income positions the top performer, while Equity Growth and Diversifying Opportunities also performed well. Our Real Asset holdings detracted from returns, while Defensive Assets were broadly neutral.

In Higher Yield Fixed Income, the standout performers were Emerging Market ("EM") Bonds, and Asset Backed positions. Our Global Equity holdings were positive over the first 8 months of the year, but the rotation to China shares gave back some of these gains in the latter months of the year, while the private equity holdings were also positive. The Diversifying Opportunities returns were led by the Litigation Finance fund, managed by Burford, validating its non-economic cycle return generation potential

We discuss performance, gross of management fees and expenses directly attributable to the Company, in greater detail below.

How did the Company produce returns during such a volatile period?

Equity Growth

Despite the uncertainty resulting from a banking crisis at the start of the year followed by a combination of ongoing inflationary pressures, monetary tightening and the risk of a US government shutdown, Equities returned 8.2% over the period, contributing 1.2% to the Company's performance. Both the Company's listed and private equity portfolios contributed positively to the performance. Our **ESG Enhanced Equity** exposure led the returns over the first half of the financial year. Equity markets initially rose, as investors sought to take advantage of lower valuations, despite a relatively lacklustre third quarter earnings season. From the start of January, the large US tech stocks led the way, benefitting initially from expectations of a less aggressive rate hiking cycle and subsequently the focus on US technology stocks. The rotation to **China** shares in May of 2023 detracted from performance as the anticipated regional economic rebound has so far struggled to take hold.

Higher yielding fixed income

Higher Yielding Fixed Income led return generation over the six months, adding 2.9% to Company performance. Within this the **Asset Backed** sector was the top performer, contributing 1.2%. In the rising rate environment, names such as **TwentyFour Asset Backed Opportunities** offered strong income generation due to the floating rate nature of the underlying investments. **Emerging Market Bonds** were also positive contributors over the period, adding 1.1%, driven by peaking yields and income payments.

Credit markets have continued to experience low default rates and our tilt to floating rate lending has also enabled the portfolio to benefit from a higher rate environment, and positive returns were also generated by privately held names **Mount Row II** and **Hark III**.

Investment Manager's Report

Continued

Real Assets

Real assets detracted from performance, returning -3.4% over the six months.

Property assets have suffered from continued weakness in sectors such as commercial offices, where hybrid working has reduced demand for space. In addition, in a sector where debt is commonplace, rising rates have impacted those names with unhedged exposure or those who need to refinance maturing loans, as they are doing so at a significantly higher rate. This dynamic impacted widely across the listed names, and we reduced exposure to this sector at the end of the year.

The NAVs for our infrastructure positions have been more resilient given the high inflation linkage of underlying revenues for assets in the privately held portfolio. This was a positive for SL Capital Infrastructure II, while Andean Social Infrastructure I was also positive. That being said, a moderating UK power price and increased discount rates (as yields have risen) saw BlackRock Renewable Infrastructure UK value fall. The listed infrastructure sector also suffered from the impact of rising yields, as prices swung from trading at a historic premium to NAV to a large discount to NAV, with all names impacted.

Furthermore in the Real Assets basket, **Agriculture Capital Management II** was written down significantly as one of its properties breached its debt covenants. We later exited this fund on the secondary market due to concerns about the outlook for the investment.

Diversifying Opportunities

The basket of Diversifying Opportunities contributed 1.4% to the performance of the Company over the period. Within this, the private holding in **Burford Opportunity Fund**, in the litigation finance sector was the largest driver, adding 1.0% to performance. Over the year there was significant progress in the YPF case, which has unlocked significant value for the Company, as detailed in the half year report. In addition to this, proceeds were received from the successful resolution of several other cases in the portfolio. Listed Royalty name **Round Hill** contributed +0.3% in September following a takeover bid at a large premium to the share price.

Defensive Assets

Our exposure to lower returning defensive assets, such as government bonds and cash, is limited as we seek to provide long term returns from a diversified exposure of return seeking opportunities. This said, we have introduced an exposure to higher quality bonds given the yields on offer. Within this basket, a positive return from Cash was slightly outweighed by a negative return on Government Bonds, as rising rates drove down the capital value of the bonds. Ultimately the basket contributing a -0.1% to performance.

What portfolio changes did we make?

Equity Growth

Within the Equity Growth basket, we reduced the weighting of the ESG Enhanced Core Equity sleeve by half and sold the satellite holding in Apax Global, given our reduced conviction in the growth outlook and the increased likelihood of recession in developed markets. We partly rotated into Chinese Equities to diversify away from developed market corporate risk at a time when the region offered the potential for outperformance as its economy reopened. While this has not been the case so far, stocks are at post COVID valuation lows, and we expect further government stimulus to improve earnings potential.

The weight to the Private Equity portfolio increased slightly over the year, as although it distributed \$1.4m from the sale of its stake in Action, the abrdn Secondary Opportunities Fund IV was a significant net caller of capital as it continues to deploy capital during its investment period.

In total, the Equity Growth basket was reduced from 18% to 13% of the portfolio over the year. Within this basket, the privately held assets moved from 10% to 11% of the Company's investment portfolio. The proceeds from the overall reduction in the Equity Growth basket were invested into Defensive Assets.

Higher Yielding Fixed Income

Within the higher yielding fixed income basket, we trimmed exposure to both Senior and Junior ABS positions, as despite the higher yield on offer, we anticipate a higher default rate as the interest cost burden from high rates starts to weigh heavily on companies. The proceeds were rotated into higher quality fixed income within the defensive basket.

In our private credit portfolio, the majority of committed capital has been called, and there were no new commitments made. There was a slight increase in weight over the year (from 5% to 6%), as the Mount Row II assets rebounded strongly over the period following recovery in the CLO markets.

Overall, the Higher Yielding Fixed Income basket was reduced from 27% of the Company's assets to 22% at year end.

Real Assets

Within private Real Assets, a significant change was the successful exit of the I77 toll road asset in the US in December, which raised USD17.4m, crystallising a strong return from this investment. From this point there were several drawdowns from SLCI II to fund expansion of Airband's rural UK fibre network, and from the Andean Social Infrastructure Fund to invest in 2 brownfield Mexican hospitals, so the private infrastructure weight moved from an intra-period low of 14% back up to 16% at year end. In Natural Resources, we exited the Agricultural Capital Management II Fund, where we had concerns on the manager's ability to increase profitability of the underlying assets, and additionally on the impact of more frequent extreme weather events on crop harvests in the US.

In the public sphere, we exited our allocation to property from 3% of the Company, on a poor outlook for the sector as a whole. While the listed infrastructure valuations swung to a large discount to NAV, we retain conviction in the sector, and see current valuations as attractive for long term returns from this point.

Diversifying Opportunities

In the public investments, we reduced our exposure to Round Hill Music Royalties following the takeover bid to take profits immediately, before exiting the position fully after year end. In the privately held investments, the majority of the committed capital in the sector has been called, and there were no new commitments made, so there was no change at a portfolio allocation level over the period. However, positive performance from Burford Opportunity Fund and the abrdrn Global Private Market Fund moved the portfolio allocation up slightly from 16% to 17% of the Company's portfolio.

Defensive Assets

Defensive assets was the largest allocation change over the period, as we made the strategic decision to de-risk the portfolio, allocations to this basket moved its weight from 3% of the Company's portfolio coming into the year, up to 16% at year end.

Within the basket we have allocated to Government Bonds and Investment Grade Credit. Our view is that central bank rates have peaked, and that rates will start to move down gradually from here, increasing the value of the bonds. In addition, the Investment Grade Credit exposure provides an attractive income yield at present, but the higher credit quality should mean that defaults are lower than other credit sectors should we see levels of credit distress increasing.

Where do we go from here?

Divergence remains a key theme for the global economy heading into 2024. The US economy remains very resilient, with the rate of growth accelerating over the summer. Robust consumer and business balance sheets, and a strong labour market can extend expansion into 2024. With inflation moderating, the likelihood of a soft landing has increased. This, however, is already priced into the market, and our view is that the exceptional US performance will likely only last a couple of more quarters, and that the US is likely to enter a mild recession next year. Indeed industrial surveys point to weaker activity and slowing labour demand reflecting a building drag from earlier Federal Reserve tightening.

Investment Manager's Report

Continued

The outlook is less rosy for the Eurozone which is very close to recession, due to ECB monetary policy and a weak global industrial cycle impacting the region's exporters. Germany's energy intensive growth model is under real pressure, with data pointing to a significant contraction. This would translate to lower inflationary pressure, meaning the ECB is likely close to the end of its hiking cycle, and will likely move to easing in 2024.

The UK additionally faces challenges, as the impact of previous interest rate hikes feed through into slowing economic activity and falling house prices. However, the UK's particular series of negative supply side shocks mean that even with weak economic growth, inflation is likely to remain stickier, meaning a BOE easing cycle may be later and slower than elsewhere.

While the global interest rates hiking cycle is close to peaking, recent communication from central banks is that rates will remain higher for longer than previously thought. Ultimately, over the next 12-18 months bond yields will likely move lower as growth eventually runs out of steam and central banks ease policy back to more neutral settings.

Within Equities, recent performance has been driven by multiple expansion rather than earnings growth, the vast majority of which from big tech names. This is reassuring on one hand, as it shows investors are not optimistic across the board, but shows the risk of a change in sentiment to the large cap tech names, and the negative impact this will have on the sector.

The likelihood of recession and the impact on earnings means we are less favourable on corporate risk than earlier in the cycle. We have added a position to investment-grade corporate bonds from our high yield debt positions as a result. In the higher yield space, we are maintaining our Emerging Market debt positions. Emerging Market central banks are ahead of developed peers in combatting inflation and will have more room to cut when a global recession hits. We remain mindful of shorter-term volatility in this space however.

We are currently negative on Global Property, which continues to progress steadily through a downturn. Higher interest rates have pushed up real estate yields, and have increased the associated debt cost. This has happened much more rapidly than during the GFC in most regions, with values falling between 15-30% in only two to three quarters. While this phase is close to the end, the next phase of a weak office sector and secondary asset demand is starting. However, this too shall pass, and we believe real estate valuations will reach fair value in 2024 following a peak in interest rates.

Across private equity, despite the headwinds, pockets of opportunity remain across sectors with strong long term growth prospects. We remain highly convicted in investing in the next wave of disruptive technologies that will drive long term growth. Further, we see mid-market companies that are driving consumption growth in urban centres globally as attractive. Our attention is on managers with proven through-the-cycle returns and distinct operating/sector expertise, with long-term trends still giving investors the prospect of positive outcomes from investments. We see significant value creation opportunities in the Venture Capital and Growth Equity sectors. Near term given economic volatility and valuation uncertainty we favour larger more mature companies with strong balance sheets, along with secondary portfolios that are attractively priced because of market dislocation.

As we look at the market today, within infrastructure clearly the energy transition remains a dominant theme. Traditional regulated utilities remain attractive, though there is some debate about appropriate valuations. We do expect to see some impact on valuations, but as yet not much evidence has emerged, partly because there is still strong competition for good assets. Furthermore, the forward curve shows interest rates coming back down, which is the expectation going into 2024. Long term we see significant value creation opportunities in the development of essential infrastructure globally across both economic and social spheres. It is important to note, in the near-term cost of financing is much higher than it was over past last decade, resulting in smaller relative value vs long term government bonds resulting lower total return expectations.

The Company has a well-diversified portfolio which has proven to be resilient in the recent challenging environment. While we expect market conditions to remain challenging, we believe the Company is well placed to navigate what continues to be a difficult economic environment.




Nalaka De Silva, Head of Private Markets Solutions,
Simon Fox, Senior Investment Director,
Nic Baddeley, Investment Manager
abrdn Investments Limited
Investment Manager

9 January 2024

Portfolio





The portfolio consists of a wide range of assets managed by specialist teams within abrdn and also selected third party managers. Some of these investments are longer term in nature and are not otherwise readily available to private investors.

Ten Largest Investments

As at 30 September 2023

	At 30 September 2023 % of Total investments	At 30 September 2022 % of Total investments
SL Capital Infrastructure II^{AB}	8.1	5.2
European economic infrastructure		
iShares LI UK Gilts UCITS ETF	7.1	-
Mixed duration UK Government Bond portfolio		
Aberdeen Standard Global Private Markets Fund^{AB}	5.9	5.1
Multi-strategy private markets exposure		
TwentyFour Asset Backed Opportunities Fund	5.7	6.8
Investments in mortgages, SME loans originated in Europe		
Burford Opportunity Fund^B	5.1	4.7
Diverse portfolio of litigation finance investments initiated by Burford Capital		
Healthcare Royalty Partners IV^B	4.7	3.6
Invests in healthcare royalty streams primarily in the US		
Bonaccord Capital Partners I-A^B	4.7	4.1
Targets investment in alternative asset management companies.		
Andean Social Infrastructure Fund I^{AB}	4.4	3.4
Infrastructure project investments in the Andean region of South America		
Aberdeen Standard Secondary Opportunities Fund IV^{AB}	3.8	2.4
Diversified Private Equity portfolio which invests through secondary transactions		
iShares GBP Corp Bond UCITS ETF	3.4	-
Tracks the performance of an index composed of Sterling denominated investment grade corporate bonds.		

^A Denotes abrdn plc managed products

^B Unlisted holdings

Private Markets Investments

As at 30 September 2023

Company	Valuation 2023 £'000	Total investments 2023 %	Valuation 2022 £'000
Private Equity			
Bonaccord Capital Partners I-A ^B	16,091	4.7	15,255
Aberdeen Standard Secondary Opportunities Fund IV ^{AB}	12,940	3.8	9,385
TrueNoord Co-Investment ^B	8,765	2.6	9,976
Maj Invest Equity 5 ^B	2,432	0.7	2,492
HarbourVest International Private Equity VI ^B	1,678	0.5	2,100
Maj Invest Equity 4 ^B	1,205	0.4	1,335
Mesirow Financial Private Equity IV ^B	599	0.2	882
HarbourVest VIII Buyout Fund ^B	160	0.1	260
HarbourVest VIII Venture Fund ^B	123	-	178
Mesirow Financial Private Equity III ^B	117	-	228
Top ten Private Equity holdings	44,110	13.0	
Other holdings	27	-	
Total Private Equity	44,137	13.0	
Real Estate			
Aberdeen Property Secondaries Partners II ^{AB}	9,385	2.8	9,851
Aberdeen European Residential Opportunities Fund ^{AB}	7,524	2.2	9,769
Cheyne Social Property Impact Fund ^B	3,299	1.0	4,813
Total Real Estate	20,208	6.0	
Infrastructure			
SL Capital Infrastructure II ^{AB}	27,419	8.1	19,581
Andean Social Infrastructure Fund I ^{AB}	15,016	4.4	12,691
BlackRock Renewable Income - UK ^B	8,199	2.4	8,523
Aberdeen Global Infrastructure Partners II (AUD) ^{AB}	4,541	1.3	6,840
Pan European Infrastructure Fund ^B	1,205	0.4	1,697
Aberdeen Global Infrastructure Partners II (USD) ^{AB}	-	-	17,755
Total Infrastructure	56,380	16.6	

Private Markets Investments

Continued

As at 30 September 2023

Company	Valuation 2023 £'000	Total investments 2023 %	Valuation 2022 £'000
Private Credit			
Mount Row Credit Fund II ^B	10,166	3.0	7,494
PIMCO Private Income Fund Offshore Feeder I LP ^B	7,662	2.2	8,796
ASI Hark III ^B	6,042	1.8	4,088
Total Private Credit	23,870	7.0	
Other			
Aberdeen Standard Global Private Markets Fund ^{AB}	19,934	5.9	19,122
Burford Opportunity Fund ^B	17,272	5.1	17,520
Healthcare Royalty Partners IV ^B	16,235	4.7	13,522
Markel CATCo Reinsurance Fund Ltd – LDAF 2018 SPI ^B	333	0.1	298
Markel CATCo Reinsurance Fund Ltd – LDAF 2019 SPI ^B	81	–	281
Total Other	53,855	15.8	
Total Private Markets	198,450	58.4	

^A Denotes abrdn plc managed products

^B Unlisted holdings

Fixed Income & Credit Investments

As at 30 September 2023

Company	Valuation 2023 £'000	Total investments 2023 %	Valuation 2022 £'000
Structured Credit			
TwentyFour Asset Backed Opportunities Fund	19,292	5.7	25,509
Fair Oaks Income Fund	1,046	0.3	1,089
Blackstone/GSO Loan Financing	615	0.2	3,468
Total Structured Credit	20,953	6.2	
Syndicated Loans			
Aberdeen Standard Alpha – Global Loans Fund ^A	2,279	0.7	2,347
Total Syndicated Loans	2,279	0.7	
Investment Grade Credit			
iShares GBP Corp Bond UCITS ETF	11,603	3.4	-
iShares GBP Ultrashort Bond	1,054	0.3	-
Total Investment Grade Credit	12,657	3.7	
Developed Market Government Bonds			
iShares LI UK Gilts UCITS ETF	24,059	7.1	-
Total Developed Market Government Bonds	24,059	7.1	
Country			
Brazil (Fed Rep of) 10% 01/01/25	2,347	0.7	1,313
Secretaria Tesouro 10% 01/01/31	1,805	0.5	1,755
Mexico (Utd Mex St) 5% 06/03/25	1,555	0.5	-
Mexico Bonos Desarr Fix Rt 10% 05/12/24	1,206	0.3	1,775
Titulos De Tesoreria 7% 26/03/31	986	0.3	859
Indonesia (Rep of) 8.375% 15/03/34	958	0.3	1,346
Malaysia (Govt of) 3.828% 05/07/34	936	0.3	988
Mexico (United Mexican States) 7.75% 13/11/42	868	0.3	831
South Africa (Rep of) 8.75% 31/01/44	862	0.2	995
South Africa (Rep of) 9% 31/01/40	803	0.2	329
Top ten holdings	12,326	3.6	
Other holdings	17,293	5.1	
Total Emerging Market Debt	29,619	8.7	
Total Fixed Income & Credit	89,567	26.4	

^A Denotes abrdn plc managed products

Listed Equities

As at 30 September 2023

Company	Valuation 2023 £'000	Valuation 2023 %	Valuation 2022 £'000
Listed Equity			
Aberdeen Standard SICAV I China A Shs Eqty Fund Z Acc USD	6,551	1.9	-
Cellnex Telecom	1,673	0.5	11
Total Listed Equity	8,224	2.4	
Infrastructure Sub-Fund			
3I Infrastructure	4,329	1.3	2,532
HICL Infrastructure	3,355	1.0	3,627
International Public Partnerships	3,241	0.9	2,194
Sequoia Economic Infrastructure Income	1,877	0.6	1,570
Cordiant Digital Infrastructure	1,831	0.5	2,336
Top five Infrastructure Sub-Fund holdings	14,633	4.3	
Other holdings	1,050	0.3	
Total Infrastructure Sub-Fund	15,683	4.6	
Real Estate Sub-Fund			
PRS REIT	457	0.1	1,673
Total Real Estate Sub-Fund	457	0.1	
Alternative Income Sub-Fund			
BioPharma Credit	3,629	1.1	6,267
Tufton Oceanic Assets	1,147	0.3	2,936
Round Hill Music Royalty Fund	926	0.3	3,446
SME Credit Realisation	44	-	201
Total Alternative Income Sub-Fund	5,746	1.7	

As at 30 September 2023

Company	Valuation 2023 £'000	Valuation 2023 %	Valuation 2022 £'000
Renewables Infrastructure Sub-Fund			
Greencoat UK Wind	3,968	1.2	2,643
Greencoat Renewables	2,193	0.7	2,700
Pantheon Infrastructure	1,860	0.6	921
The Renewables Infrastructure Group	1,830	0.5	1,721
Bluefield Solar Income Fund	1,471	0.4	1,834
Top five Renewables Infrastructure Sub-Fund holdings	11,322	3.4	
Other holdings	6,897	2.0	
Total Renewables Infrastructure Sub-Fund	18,219	5.4	
Reinsurance Sub-Fund			
CATCo Reinsurance Opportunities Fund	84	-	150
Total Reinsurance Sub-Fund	84	-	
Listed Royalties Sub-Fund			
Franco Nevada	1,788	0.5	-
Wheaton Precious	1,754	0.5	-
Total Listed Royalties Sub-Fund	3,542	1.0	
Total Equities	51,955	15.2	

Net Assets Summary

As at 30 September 2023

	Valuation 2023 £'000	Net assets 2023 %	Valuation 2022 £'000	Net assets 2022 %
Total investments	339,972	100.1	373,732	102.9
Cash and cash equivalents ^A	21,087	6.2	8,984	2.5
Forward contracts	(5,615)	(1.6)	(4,922)	(1.4)
6.25% Bonds 2031	(15,730)	(4.6)	(15,694)	(4.3)
Other net (liabilities)/assets	(180)	(0.1)	1,258	0.3
Net assets	339,534	100.0	363,358	100.0

^A Includes outstanding settlements

Manager's ESG Engagement

The Manager does not judge the suitability of an investment from an ESG perspective on a purely binary basis. Instead, a dynamic approach is taken, investing in companies where the greatest alignment to mitigating the risks can be seen or pursued further through their commitment to improving their ESG profile. The Manager believes in active engagement with its investments and potential investments: from providing initial guidance on suitable metrics through to holding the company to account for delivering on its promises. It is through this filter that the Manager is comfortable investing in, for example, sectors such as mining and oil & gas, subject to the belief that a company is taking the necessary action to address the energy transition. The Manager has high expectations for these companies given that many commodities are necessary for the transition to a low carbon future.

Core beliefs: Assessing Risk, Enhancing Value

There are three core principles which underpin the Investment Manager's integrated ESG approach. Firstly, ESG factors can materially impact financial returns and the long term success of the investment strategy. Secondly, by integrating ESG factors into investment decisions the Investment Manager generates a better understanding of how well companies are managing ESG risks and opportunities and this insight supports better decision making. Finally, active engagement with company management teams is central to enhancing value and a standard part of the Investment Manager's ongoing stewardship programme.

Responsible Investing – Integration of ESG into the Investment Manager's Process

"By embedding ESG factors into the active equity investment process, we aim to reduce risk, enhance potential value for investors and foster companies that can contribute positively to the world." Investment Manager

Financial Returns	ESG factors can be financially material – the level of consideration they are given in a company will ultimately have an impact on corporate performance, either positively or negatively. Those companies that take their ESG responsibilities seriously tend to outperform those that do not.
Fuller Insight	Systematically assessing a company's ESG risks and opportunities alongside other financial metrics allows the Investment Manager to make better investment decisions.
Corporate Advancement	Informed and constructive engagement helps foster better companies, protecting and enhancing the value of the Company's investments.

"We believe that the market systematically undervalues the importance of ESG factors. We believe that in-depth ESG analysis is part of both fundamental company research and portfolio construction and will lead to better client outcomes."

Investment Manager

Manager's ESG Engagement

Continued

Researching Companies: Deeper Company Insights for Better Investor Outcomes

The Investment Manager's portfolio managers, sector analysts, ESG equity analysts and central ESG Investment Team collaborate to generate a deep understanding of the ESG risks and opportunities associated with each company. The central ESG team also produces research into specific themes (e.g. labour relations or climate change), sectors (e.g. forestry) and ESG topics to understand and highlight best practice.

Global Networks: Working Together on Climate Change

The Investment Manager is a signatory to the UN Principles for Responsible Investment and actively collaborates on ESG issues with global asset managers and asset owners. Climate change is a particular area of focus because the physical and transition risks related to climate change have the potential to be financially material for many companies. The Investment Manager has been actively involved in initiatives such as Climate Action100+ and Institutional Investors Group on Climate Change ("IIGCC") Net Zero Framework and also supports the Task Force on Climate Related Disclosures ("TCFD") which aims to strengthen climate related reporting globally. Portfolio Management Team

ESG House Score

- Responsibility of ESG analyst
- Based on quantitative data
- Incorporates abrdn's views on materiality and sector specific risks
- Uses wide range of data sources including MSCI, Trucost, voting analysis and abrdn's investment insights
- Aims to be forward looking

ESG Investment Team

- Global insights
- Thematic research
- Co-ordination across asset classes

Equity ESG Quality Score

- Responsibility of portfolio manager and sector analysts
- Based on fundamental bottom up analysis of individual companies by on-desk analysts
- Assesses the ESG quality of companies
- Reflective of equity analyst expertise
- Incorporates engagement with companies on ESG issues

Portfolio Managers & Sector Analysts

All of the Investment Manager's equity portfolio managers and sector analysts seek to engage actively with companies to gain insight into their specific risks and provide a positive ongoing influence on their corporate strategy for governance, environmental and social impact.

ESG Equity Analysts

The Investment Manager has dedicated and highly experienced ESG equity analysts located across the UK, US, Asia and Australia. Working as part of individual investment teams, rather than as a separate department, these specialists are integral to pre-investment due diligence and post-investment ongoing company engagement. They are also responsible for taking thematic research produced by the central ESG Investment Team, interpreting and translating it into actionable insights and engagement programmes for its regional investment strategies.

ESG Investment Team

This central team of more than 20 experienced specialists based in Edinburgh and London provides ESG consultancy and insight for all asset classes. Taking a global approach both identifies regions, industries and sectors that are most vulnerable to ESG risks and identifies those that can take advantage of the opportunities presented. Working with portfolio managers, the team is key to the Investment Manager's active stewardship approach of using shareholder voting and corporate engagement to drive positive change.

Listed Equities

ESG Research Process: Introduction

The Investment Manager employs around 150 equity professionals globally. A systematic and globally-applied approach to evaluating stocks allows the Investment Manager to compare companies consistently on their ESG credentials – both regionally and against their peer group. The Investment Manager uses a combination of external and proprietary in-house quantitative scoring techniques to complement and cross-check analyst-driven ESG assessments. ESG analysis is peer-reviewed within the equities team, and ESG factors impacting both sectors and stocks are discussed as part of the formal sector reviews.

ESG House Score

The ESG House Score is produced by the ESG Equity Analysts. The ESG House Score framework has two main pillars which include detailed operational and governance metrics. The underlying key performance indicators are weighted according to how material they are for each sector and country and populated from proprietary and external data sources such as MSCI and Trucost. The scores are standardised to allow the Investment Manager to see how individual companies rank in a global context. These scores complement the fundamental analysis of the equity analysts and the ranking of companies from Laggards to Best in Class.

Equity ESG Quality Score

The Investment Manager's equity sector analysts have a fully integrated approach to ESG analysis. Within the equity investment process, every company is given a proprietary Quality Rating which has five components: industry analysis, business model analysis, analysis of the company's moat or competitive advantage, consideration of ESG factors, assessment of management and analysis of financials. In considering the ESG Quality Score the analyst considers these key questions:

- Which ESG issues are relevant for this company, how material are they, and how are they being addressed?
- What is the assessment of the quality of this company's governance, ownership structure and management?
- Are incentives and key performance indicators aligned with the company's strategy and the interests of shareholders?

Having considered the regional universe and peer group in which the company operates, the Investment Manager's equity team then allocates it an ESG Quality rating between one and five (see below). This is applied across every stock that the Investment Manager covers globally. To be considered 'best in class', the management of ESG factors must be a material part of the company's core business strategy; management must provide excellent disclosure of data on key risk; management must also have clear policies and strong governance structures, among other criteria.

Working with Companies: Staying Engaged, Driving Change

The Investment Manager continuously monitors and actively engages with the companies in which it invests to maintain ESG focus and improvement. This stewardship of client's assets consists of four interconnected and equally important activities by the Investment Manager to monitor, contact, engage and act.

The Investment Manager actively and regularly engages with the management teams of companies in which they are invested in order to share examples of best practice seen in other companies and to effect positive change. The Investment Manager also actively engages with management teams to explain voting decisions at company annual general meetings.

The Investment Manager's engagement extends beyond the company's management team and can include many other stakeholders such as non-government agencies, industry and regulatory bodies, as well as activists and the company's clients.


Priorities for engagement are established by the use of the ESG House Score, in combination with bottom-up research insights from investment teams across asset classes, and areas of thematic focus from our company-level stewardship activities. What gets measured gets managed, so the Investment Manager strongly encourages companies to set clear targets or key performance indicators on all material ESG risks.

Manager's ESG Engagement


Continued

There are three core principles which underpin the Investment Manager's investment approach (shown below) and the time it dedicates to ESG analysis as part of its overall fundamental equity research process:

 <p>ESG factors are financially material and impact corporate performance.</p>	 <p>Understanding ESG risks and opportunities alongside other financial metrics allows us to make better investment decisions.</p>	 <p>Informed and constructive engagement helps foster better companies, enhancing the value of our clients' investments.</p>
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 As part of their company research, our stock analysts evaluate the ownership structures, governance and management quality of the companies they cover. They also assess potential environmental and social risks that the companies may face. These insights are captured in our company research notes.

 Our stock analysts work closely with dedicated ESG specialists who sit within each regional investment team and provide industry-leading expertise and insight at the company level. These specialists also mediate the insights developed by our central ESG investment team to the stock analysts, as well as interpret and contextualise sector and company insights.

 Our central ESG investment team provides thought leadership, thematic and global sector insights, as well as event-driven research. The team is also heavily involved in the stewardship of our investments and supports company engagement meetings where appropriate.

How the Investment Manager embeds ESG into its Investment Process

 <p>01. Investment Insight</p> <p>High quality fundamental and first hand research</p> <p>Assessment of ESG for all stocks under coverage</p>	 <p>02. Active Ownership</p> <p>Engage and vote with aim of improving financial resilience and investment performance</p> <p>Raise standards in companies and industries we invest in, and help drive industry best practice</p>	 <p>03. Risk & Monitoring</p> <p>Combine in-house and external scoring to inform view</p> <p>Active tracking of portfolio holdings against ESG objectives</p>	 <p>04. Our People</p> <p>Over 130 equity professionals, and 40+ central and on-desk ESG specialists across the world</p>
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Governance



The Company is registered as a public limited company and has been approved by HM Revenue & Customs as an investment trust. 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

Board of Directors



Davina Walter

Chairman

Experience:

Appointed a Director on 1 February 2019, Senior Independent Director on 27 February 2019 and Chairman on 26 February 2020, Davina Walter is an experienced investment professional who has been actively involved with investment trusts since 1985 when she joined Henderson (now Janus Henderson) as a fund manager. Having started her career at Cazenove & Co, ending up as Head of US equity research, she then spent over 16 years as an investment manager, most recently, as a Managing Director at Deutsche Asset Management. She is a non-executive director of Miton UK MicroCap Trust plc.

Length of service:

4 years

Last re-elected to the Board:

2023

Committee membership:

Management Engagement Committee (Chairman) and Nomination Committee (Chairman)

Contribution:

The Nomination Committee, chaired by the Senior Independent Director, has reviewed the contribution of Davina Walter in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to chair the Company expertly, fostering a collaborative spirit between the Board and Manager while ensuring that meetings remain focussed on the key areas of stakeholder relevance.



Tom Challenor

Senior Independent Non-Executive Director and Chairman of the Audit Committee

Experience:

Appointed a Director on 6 April 2017 and Chairman of the Audit Committee on 31 October 2018, Tom Challenor is a non-executive director and Chair of the Audit Committee of Vanguard Group (Ireland) Limited and its fund companies, and is also a non-executive director of Threadneedle India Fund Limited. Tom was formerly Senior Independent Director of Euroclear UK & International Limited, as well as a former non-executive director of Aberdeen UK Tracker Trust plc, Cofunds Limited, Xtrakter Limited and Threadneedle Lux (SICAV). At Threadneedle Asset Management he was Director of Strategy and Risk from 2005 to 2009 and Chief Financial Officer from 1997 to 2005.

Length of service:

6 years

Last re-elected to the Board:

2023

Committee membership:

Audit Committee (Chairman), Management Engagement Committee and Nomination Committee

Contribution:

The Nomination Committee has reviewed the contribution of Tom Challenor in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to occupy the roles of Senior Independent Director and Chairman of the Audit Committee expertly, as well as bringing to the Board his experience of internal controls and risk management in an investment setting.



Trevor Bradley

Independent Non-Executive Director

Experience:

Appointed a Director on 1 August 2019, Trevor Bradley was a partner and member of the Management Board at Ruffer LLP. He was responsible for growing and leading the firm's institutional investment business and managed over £1 billion of multi-asset portfolios for pension funds, charities and other institutions. Prior to Ruffer, he was a management consultant at McKinsey & Company and a UK equity portfolio manager at Mercury Asset Management. He is a Trustee Director of BBC Children in Need and Chair of its Investment Committee.

Length of service:

4 years

Last re-elected to the Board:

2023

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:

The Nomination Committee has reviewed the contribution of Trevor Bradley in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to bring to the Board his knowledge of investment management as well as experience in investment companies.



Alistair Mackintosh

Independent Non-Executive Director

Experience:

Appointed a Director on 1 May 2021, Alistair Mackintosh was a partner with Actis LLP, a leading investor in growth markets across Africa, Asia and Latin America from its inception in 2004 until 2018. He served as Chief Investment Officer for twelve years, and chaired the Investment Committees of Actis' Private Equity, Infrastructure, Energy and Real Estate funds. Previously, Alistair spent fifteen years with PPM Capital Ltd (now Silverfleet Capital), the mid-market private equity business of Prudential plc.

Length of service:

2 years

Re-elected to the Board:

2023

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution

The Nomination Committee has reviewed the contribution of Alistair Mackintosh in light of his proposed re-election at the forthcoming AGM and has concluded that he brings to the Board considerable expertise in Private Markets.



Anna Troup

Independent Non-Executive Director

Experience:

Appointed a Director on 1 August 2019, Anna Troup qualified as a solicitor with Slaughter and May. She has been employed in the financial services industry since 1997, having spent over 10 years at Goldman Sachs and more than 12 years as an investment management professional, most recently as head of UK Bespoke Solutions at Legal & General Investment Management. She is non-executive chair of MS Amlin Investment Management Limited, non-executive chair of BAE Systems Pension Funds Investment Management Limited and a non-executive director of Marathon Asset Management Limited.

Length of service:

4 years

Last re-elected to the Board:

2023

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:

The Nomination Committee has reviewed the contribution of Anna Troup and has concluded that she brings to the Board her expertise in investment management and the wider financial services sector.

Anna Troup is not seeking re-election as a Director of the Company at the forthcoming AGM.

Directors' Report

The Directors present their audited Annual Report for the year ended 30 September 2023.

Results and Dividends

The financial statements for the year ended 30 September 2023 may be found on pages 76 to 112. The Company's revenue return was 4.35p per share for the year ended 30 September 2023 (2022 – 4.99p).

First, second and third interim dividends, each of 1.42p per Ordinary share, were paid on 3 April 2023, 6 July 2023 and 19 October 2023, respectively.

The Directors declared, on 26 October 2023, a special dividend of 1.65p per Ordinary share payable on 1 December 2023 to shareholders on the register on 3 November 2023. The ex-dividend date is 2 November 2023.

The Directors declared, on 1 December 2023, a fourth interim dividend of 1.42p per Ordinary share payable on 22 January 2024 to shareholders on the register on 22 December 2023. The ex-dividend date is 21 December 2023.

The Company will continue to pay its regular quarterly dividend until such time as the change of investment objective and policy is approved under the proposals for a Managed Wind-Down. Further information on the Company's intention regarding future dividends may be found on page 53 in relation to Resolution 3 to be proposed at the AGM on 27 February 2024.

Investment Trust Status

The Company is registered as a public limited company in Scotland under number SC003721 and is an investment company within the meaning of Section 833 of the Companies Act 2006. The Company has been approved by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 September 2023 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

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

Capital Structure and Voting rights

The issued Ordinary share capital at 30 September 2023 consisted of 301,265,952 Ordinary shares (2022 – 308,447,314) with voting rights and 22,485,854 Ordinary shares (2022 – 29,304,492) held in treasury. A total of 7,181,362 Ordinary shares were bought back into treasury during the year ended 30 September 2023 (2022 – 871,424). No Ordinary shares were bought back into treasury between 1 October 2023 and the date of approval of this Annual Report.

In the event of the share price trading at a premium to the NAV per share, Ordinary shares can be re-issued out of treasury less expensively than new Ordinary shares can be issued. Although shares may be held in treasury indefinitely the Board is mindful of the total number of shares held and has, therefore, decided to adopt a policy such that, in the event that the number of treasury shares represents more than 10% of the Company's issued share capital (excluding treasury shares) at the end of any financial year, the Company will cancel a proportion of its treasury shares such that the remaining balance will equal 7.5% of the issued share capital (excluding treasury shares). The Company's policy is to cancel treasury shares, on 30 September each year, to ensure that the number of shares in treasury represents no more than 10% of the Company's issued share capital (excluding treasury shares). Accordingly, the Company announced on 29 September 2023 the cancellation of 14,000,000 treasury shares.

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

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

Management Agreement

The Company has appointed the Manager, a wholly-owned subsidiary of abrdn plc, as its alternative investment fund manager.

The Manager has been appointed to provide investment management, risk management, administration and company secretarial services as well as promotional activities. The Company's portfolio is managed by the Investment Manager by way of a group delegation agreement in place between the Manager and Investment Manager. In addition, the Manager has sub-delegated administrative and secretarial services to abrdn Holdings Limited and promotional activities to abrdn Investments Limited.

The Manager charges a monthly fee at the rate of one-twelfth of 0.50% on the first £300 million of NAV and 0.45% of NAV in excess of £300 million. In calculating the NAV, the 6.25% bonds due 2031 are valued at fair value. The value of any investments in Exchange Traded Funds ("ETFs"), unit trusts, open ended and closed ended investment companies and investment trusts of which the Manager, or another company within the abrdn plc group is the operator, manager or investment adviser, is deducted from net assets. Details of the management fee charged during the year are included in note 4 to the financial statements.

The management agreement has in place a six months' notice period. In the event of termination by the Company on less than the agreed notice period, compensation is payable to the Manager in lieu of the unexpired notice period.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, may be found on page 56.

Directors

As at the date of this Report, the Board consisted of a non-executive Chairman and four non-executive Directors, all of whom served throughout the year ended 30 September 2023. Tom Challenor was Senior Independent Director and Chairman of the Audit Committee.

Board Diversity

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

The Board voluntarily discloses the following information in relation to its diversity.

The Board has resolved that the Company's year end date be the most appropriate reference date for disclosure purposes. There have been no changes between 30 September 2023 and the date of approval of this report. The following information has been provided by each Director.

Table for reporting on gender as at 30 September 2023

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

Directors' Report

Continued

Table for reporting on ethnic background as at 30 September 2023

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

Notes:

1. Meets target that at least 40% of Directors are women as set out in LR 9.8.6R (9)(a)(i)
2. Does not meet target that at least one Director is from a minority ethnic background as set out in LR 9.8.6R (9)(a)(iii)
3. This column is not applicable as the Company is externally managed and does not have any executive staff, specifically it does not have either a CEO or CFO.

The Role of the Chairman and Senior Independent Director

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

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

Board Committees

The Board has appointed a number of Committees, as set out below. Copies of their terms of reference, which define the responsibilities and duties of each Committee, are available on the Company's website, or upon request from the Company. The terms of reference of each of the Committees are reviewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit Committee

The Audit Committee's Report is contained on pages 61 to 64.

Management Engagement Committee

The Management Engagement Committee consists of all the Directors and was chaired by Davina Walter throughout the year. The terms and conditions of the Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee on an annual basis. The Committee also keeps under review the resources of abrdn plc, together with its commitment to the Company and its investment trust business. In addition, the Committee conducts an annual review of the performance, terms and conditions of the Company's key third party suppliers, by undertaking peer comparisons and reviewing reports from the Manager and the Depositary.

The Board conducts a formal annual evaluation of the performance of, and contractual relationship with, the Manager and those third parties appointed by the Manager. The evaluation includes consideration of the investment strategy and process of the Manager, noting performance against the benchmark over the long term and the quality of the support that the Company receives from the Manager. The Board confirms that it is satisfied that the continuing appointment of the Manager, on the terms agreed, is in the interests of shareholders as a whole. The Management Engagement Committee met on 15 September 2022.

Nomination Committee

The Nomination Committee consists of all the Directors and was chaired by Davina Walter throughout the year. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, appraisals, training and the remuneration policy. As stated in the Directors' Remuneration Report on pages 57 to 60, the Nomination Committee determines the level of Directors' fees and there is no separate remuneration committee. The Nomination Committee met on 15 September 2022 and on 12 October 2023.

The Directors attended scheduled meetings of the Board and Board Committees during the year ended 30 September 2023 as set out in the table (with their eligibility to attend the relevant meetings in brackets). The Directors meet more regularly when business needs require, in particular in relation to the strategic review. In addition, there were ad hoc Committee meetings when not all Directors were required to attend.

Director	Scheduled Board Meetings	Audit Committee Meetings	Management Engagement Committee Meetings	Nomination Committee Meetings
Davina Walter ^A	6(6)	-(-)	-(-)	-(-)
Tom Challenor	6(6)	2(2)	-(-)	-(-)
Trevor Bradley	6(6)	2(2)	-(-)	-(-)
Anna Troup	6(6)	2(2)	-(-)	-(-)
Alistair Mackintosh	6(6)	2(2)	-(-)	-(-)

^A Davina Walter, as Chairman of the Board, is not a member of the Audit Committee

Further to the above, all Directors participated in additional meetings in relation to the strategic review.

The names and biographies of each of the current Directors are shown on pages 46 and 47 and indicate their range of skills and experience as well as their length of service.

An external evaluation was undertaken in September 2023 by Lintstock Ltd, an independent external board evaluation service provider which has no other connection with the Company.

Assisted by Lintstock Ltd, the Board has assessed that it had in place the appropriate balance of skills, experience, length of service and knowledge of the Company while recognising the advantages of diversity. Details of the individual contribution provided by each Director during the year are set out on pages 46 and 47.

Potential new Directors are identified against the requirements of the Company's business and the need to have a balance of skills, experience, independence, diversity and knowledge of the Company within the Board.

Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper governance of the Company.

In line with best practice in corporate governance, all Directors offer themselves for election or re-election at the AGM. Anna Troup has advised that she is not seeking re-election as a Director and will retire from the Board at the conclusion of the AGM.

Davina Walter, Tom Challenor, Trevor Bradley and Alistair Mackintosh each retire and, being eligible, each submits themselves for re-election at the AGM. The Board believes that all current Directors remain, and all Directors during the year ended 30 September 2023 were, and continue to be, independent of the Manager and free from any relationship which could materially interfere with the exercise of their judgement on issues of strategy, performance, resources and standards of conduct. In addition, the Board confirms that each Director demonstrates commitment to the role and their performance remains effective which supports their individual contribution to the role.

The Board therefore recommends, for approval by shareholders, the resolutions for the individual re-election as Directors at the AGM of each of Davina Walter, Tom Challenor, Trevor Bradley and Alistair Mackintosh.

Directors' Report

Continued

Directors' and Officers' Liability Insurance

The Company's Articles of Association indemnify each of the Directors out of the assets of the Company against any liabilities incurred by them as a Director of the Company in defending proceedings, or in connection with any application to the court in which relief is granted. In addition, the Directors have been granted qualifying indemnity provisions by the Company which are currently in force. Directors' and Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Management of Conflicts of Interest

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

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

The Board takes a zero-tolerance approach to bribery and has adopted appropriate procedures designed to prevent bribery. The Manager also takes a zero-tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption.

Going Concern

The Financial Statements of the Company have been prepared on a going concern basis. This conclusion is consistent with the Company's Viability Statement on page 18.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 14 to 16 and have reviewed forecasts detailing revenue and liabilities. The Directors are satisfied that: the Company is able to meet all of its liabilities from its assets, including its ongoing charges, so possesses sufficient resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual

Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans.

While the Company is obliged to hold a continuation vote at the 2024 AGM, as ordinary resolution 10, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is usually more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation.

Additionally, the SORP guidance sets out that it is appropriate for the financial statements to be prepared on a going concern basis whilst making a material uncertainty disclosure as set out in accounting standards. Whilst the financial statements have been prepared on a going concern basis, there is a material uncertainty in respect of the continuation vote and Managed Wind-Down of the Company (see note 2 (a) on pages 80 and 81 for related basis of preparation disclosures).

Relations with Shareholders

The Directors place great importance on communication with shareholders and regularly meet with current and prospective shareholders to discuss performance, including in the absence of the Manager. The Board receives quarterly investor relations updates from the Manager. Significant changes to the shareholder register, as well as shareholder feedback, are discussed by the Directors at each Board meeting.

Regular updates are provided to shareholders through the Annual Report, Half Yearly Report, monthly factsheets and daily net asset value announcements, all of which are available through the Company's website at: abrndiversified.co.uk. The Annual Report is also 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 through its website or by contacting abrdn Investment Trusts (see page 114 for details).

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 abrdn) in situations where direct communication is required and representatives from the Board offer to meet with major shareholders on an annual basis in order to gauge their views. The Company Secretary acts on behalf of the Board, not the Manager,

and there is no filtering of communication. At each Board meeting the Board receives full details of any communication from shareholders to which the Chairman responds, as appropriate, on behalf of the Board.

In addition, in relation to institutional shareholders, members of the Board may either accompany the Manager or conduct meetings in the absence of the Manager.

The Company's Annual General Meeting ordinarily provides a forum, both formal and informal, for shareholders to meet and discuss issues with the Directors and Investment Manager. The Notice of AGM included within the Annual Report is normally sent out at least 20 working days in advance of the meeting.

Substantial Interests

As at 30 September 2023, the following interests over 3% in the issued Ordinary share capital of the Company had been disclosed in accordance with the requirements of the FCA's Disclosure Guidance and Transparency Rules:

Shareholder	Number of shares held	% held ^B
Interactive Investor ^A	32,999,111	11.0
Hargreaves Lansdown ^A	28,604,036	9.5
abrdn Retail Plans ^A	27,925,649	9.3
1607 Partners	16,142,792	5.4
Investec Wealth & Investment	14,586,659	4.8
EFG Harris Allday	10,922,733	3.6
Evelyn Partners	9,859,384	3.3
A J Bell	9,127,851	3.0
Charles Stanley	9,099,553	3.0

^A Non-beneficial interest

^B Based on 301,265,952 Ordinary shares in issue (excluding treasury shares) as at 30 September 2023

The above interests at 30 September 2023 were unchanged at the date of approval of this Report other than in relation to 1607 Capital Partners, which advised the Company on 18 December 2023 of a holding of 14,492,868 shares, equivalent to 4.8% of the Company's issued share capital (excluding treasury shares).

Criminal Finances Act 2017

The Criminal Finances Act 2017 introduced a corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of

its business in an honest and ethical manner. The Board takes a zero tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Accountability and Audit

The responsibilities of the Directors and the auditor in connection with the financial statements appear on page 65 and pages 72 and 73.

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

Annual General Meeting

The Annual General Meeting will be held at 9.30am on 27 February 2024 at Wallacespace, 15 Artillery Lane, London, E1 7HA. The Notice of the Meeting is included on pages 125 to 129. Resolutions including the following business will be proposed:

Dividend policy (Resolution 3)

It is best practice in corporate governance for companies to seek annual shareholder approval of a policy to pay interim dividends where separate authority is not sought for a final dividend. The quantum of any dividend going forward will reflect, subject to shareholders approving the Company's proposals for a Managed Wind-down, the Company's plan to return cash to shareholders in a tax-efficient manner and the Board's intention for the Company to retain its investment trust status during the Managed Wind-Down.

Continuation of the Company (Resolution 10)

In accordance with Article 175 of the Articles of Association of the Company adopted by shareholders on 23 February 2021, the Directors are required to propose at each AGM, as an ordinary resolution, the continuation of the Company. The Directors refer shareholders to the Company's announcement of 14 December 2023 setting out proposals for a Managed Wind-Down of the Company. In the light of these proposals, the Directors are proposing, as ordinary resolution 10, that the Company continues and recommends that shareholders support the continuation of the Company in the context of the Managed Wind-Down proposals. Implementation of the Managed Wind-Down also requires shareholder approval for a change of investment objective and policy.

Directors' Report

Continued

A separate circular will be published by the Company in respect of the proposed changes as soon as practicable.

Allotment of Shares (Resolution 11)

Resolution 11 will be proposed as an ordinary resolution to confer an authority on the Directors, in substitution for any existing authority, to allot up to 10% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (up to a maximum aggregate nominal amount of approximately £7.5m based on the number of Ordinary shares in issue as at the date of this Report) in accordance with Section 551 of the Companies Act 2006. The authority conferred by this resolution will expire at the next Annual General Meeting of the Company or, if earlier, 31 March 2025 (unless previously revoked, varied or extended by the Company in general meeting).

The Directors consider that the authority proposed to be granted by resolution 11 is necessary to retain flexibility.

Limited Disapplication of Pre-emption Provisions (Resolution 12)

Resolution 12 will be proposed as a special resolution and seeks to give the Directors power to allot Ordinary shares or to sell Ordinary shares held in treasury (see below) (a) by way of a rights issue (subject to certain exclusions); (b) by way of an open offer or other offer of securities (not being a rights issue) in favour of existing shareholders in proportion to their shareholdings (subject to certain exclusions); and (c) to persons other than existing shareholders for cash up to a maximum aggregate nominal amount representing 10% of the Company's issued Ordinary share capital as at the date of the passing of the resolution (up to an aggregate nominal amount of approximately £7.5m based on the number of Ordinary shares in issue as at the date of this Report), without first being required to offer such shares to existing shareholders pro rata to their existing shareholding.

This power will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 March 2025 (unless previously revoked, varied or extended by the Company in general meeting).

The Company may buy back and hold shares in treasury and then sell them at a later date for cash rather than cancelling them. Such sales are required to be on a pre-emptive, pro rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, resolution 12 will also give the

Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash, and treasury shares would only be sold for cash, at a premium to the net asset value per share (calculated after the deduction of prior charges at market value). Treasury shares are explained in more detail under the heading "Market Purchase of the Company's own Ordinary Shares" below.

Market Purchase of the Company's own Ordinary Shares (Resolution 13)

Resolution 13 will be proposed as a special resolution to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following things in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds in treasury:

- sell such shares (or any of them) for cash (or its equivalent); or
- ultimately cancel the shares (or any of them).

Treasury shares may be resold quickly and cost effectively. No dividends will be paid on treasury shares and no voting rights attach to them.

The Manager seeks to generate attractive risk adjusted returns by investing in, or committing to, new or existing opportunities, whilst having particular regard to the Company's return target, and taking into account income, predicted cash flows, market risk and liquidity requirements. It is proposed that where such opportunities are limited due to market conditions, then subject to overall liquidity needs, available cash may be used under the Company's share buyback authority, granted annually by shareholders, to purchase Ordinary shares of the Company, where to do so represents a better opportunity to deliver long-term shareholder value without disrupting the overall portfolio.

Shareholders have the opportunity to endorse this revised policy, which the Board believes is better being investment-led, by voting in favour of Resolution 13 which gives the Company the authority to buy Ordinary shares up to a maximum of 14.99% of the issued Ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of the resolution (approximately 45 million Ordinary shares). The minimum price which may be paid for an Ordinary share is 25p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares is the higher of a) 5% above the average of the middle market quotations of the

Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 March 2025 (unless previously revoked, varied or extended by the Company in general meeting) and will be exercised only if it would result in an increase in net asset value per Ordinary share for the remaining shareholders and if it is in the best interests of shareholders as a whole.

Holding General Meetings on not less than 14 days' clear notice (Resolution 14)

Under the Companies Act 2006, the notice period for all general meetings of the Company is 21 clear days' notice. Annual general meetings will always be held on at least 21 clear days' notice but shareholders can approve a shorter notice period for other general meetings. Resolution 14, which is a special resolution, seeks the authority from shareholders for the Company to be able to hold general meetings (other than Annual General Meetings) on not less than 14 clear days' notice. The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies Act 2006 (as amended by the Shareholders' Rights Regulations) before it can call a general meeting on not less than 14 days' clear notice.

The Board believes that it is in the best interests of Shareholders to have the ability to call meetings on not less than 14 clear days' notice should an urgent matter arise. The Directors do not intend to hold a general meeting on less than 21 clear days' notice unless immediate action is required.

This power will expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 March 2025 (unless previously revoked, varied or extended by the Company in general meeting).

Cancellation of the Share Premium Account (Resolution 15)

In connection with the Managed Wind-Down proposals, Resolution 15, a special resolution, asks the Company's shareholders to approve the cancellation of the amount standing to the credit of Company's share premium account pursuant to the Companies Act 2006 (the "Act") and subject to the sanction by the Scottish Court of Session (the "Cancellation").

On the Cancellation becoming effective, subject to the permission of the Court, a special reserve (the "Special Reserve") will be created and will be able to be applied in any manner permitted by the Act.

The Directors believe that the Cancellation would support the Company in implementing the Managed Wind-Down as, in creating further distributable reserves, the Special Reserve would provide the Company with further flexibility in returning cash to shareholders.

Recommendation

The Directors consider that the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders and recommend that shareholders vote in favour of the resolutions as they intend to do in respect of their own beneficial shareholdings, amounting to 303,570 Ordinary shares, representing 0.1% of the issued share capital (excluding treasury shares).

By order of the Board abrdn Holdings Limited

Company Secretary
1 George Street
Edinburgh EH2 2LL

9 January 2024

Statement of Corporate Governance

abrdn Diversified Income and Growth plc (the "Company") is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and this statement describes how the Company has applied the principles identified in the UK Corporate Governance Code as published in July 2018 (the "UK Code"), which is available on the Financial Reporting Council's (the "FRC") website: [frc.org.uk](https://www.frc.org.uk), and is applicable for the Company's year ended 30 September 2023.

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

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

The Board confirms that, during the year, the Company has complied with the principles and provisions of the AIC Code and the relevant provisions of the UK Code, except for those provisions relating to:

- the role and responsibility of the chief executive;
- executive directors' remuneration; and
- the requirement for an internal audit function.

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.

Information on how the Company has applied the AIC Code, the UK Code, the Companies Act 2006 and the FCA's DTR 7.2.6 is provided in the Directors' Report and Audit Committee's Report as follows:

- the composition and operation of the Board and its Committees are detailed on pages 50 and 51 and, in respect of the Audit Committee, on page 61;
- the Board's policy on diversity is on page 17;
- the Company's approach to internal control and risk management is detailed on pages 61 and 62;
- the contractual arrangements with, and annual assessment of, the Manager are set out on pages 49 to 51, respectively;
- the Company's capital structure and voting rights are summarised on page 48;
- the substantial interests disclosed in the Company's shares are listed on page 53;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and are summarised on page 57. There are no agreements between the Company and its Directors concerning compensation for loss of office; and
- the powers to issue or buy back the Company's ordinary shares, which are sought annually, and any amendments to the Company's Articles of Association require a special resolution (75% majority) to be passed by shareholders and information on these resolutions may be found on pages 54 and 55.

By order of the Board
abrdn Holdings Limited

Company Secretary
1 George Street
Edinburgh
EH2 2LL

9 January 2024

Directors' Remuneration Report

This Directors' 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 approved by shareholders at the AGM on 28 February 2023 where 91.4% of the votes were cast in favour of the relevant resolution while 8.6% were cast against. The Remuneration Policy will be put to shareholders at the AGM in 2026;
- ii. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
- iii. an Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Directors' Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 66 to 73.

Remuneration Policy

The Directors' Remuneration Policy is determined by the full Board, chaired by Davina Walter, and a separate Remuneration Committee has not been established.

The Board's policy is that the remuneration of non-executive Directors should be sufficient to attract and retain the Directors needed to oversee the Company properly and to reflect its specific circumstances. The remuneration should also reflect the nature of the Directors' duties, responsibilities, the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, and have similar capital structures and similar investment objectives.

Fees paid to the directors of companies within the Company's peer group are also taken into account and the Company Secretary provides the Directors with relevant comparative information.

The policy also provides that the Chairman of the Board and of each Committee may be paid a fee which is proportionate to the additional responsibilities involved in that position. In order to avoid conflicts of interest, each Director absents themselves from the consideration of their own fee. There were no changes to the Directors' Remuneration Policy during the year nor are there any proposals for changes in the foreseeable future.

No communications were received from shareholders regarding Directors' remuneration during the year.

Limits on Directors' Remuneration

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. The current limit is £300,000 per annum which may only be increased by an ordinary resolution of shareholders.

The level of fees for the years ended 30 September 2023 and 2022 is set out in the following table. Fees are reviewed annually and increased, if considered appropriate.

	30 September 2023 £	30 September 2022 £
Chairman	48,400	44,600
Chairman of Audit Committee	35,400	32,600
Senior Independent Director	32,100	29,600
Director	29,900	27,500

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive and are appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first Annual General Meeting after their appointment, and be subject to re-election at least every three years thereafter. Notwithstanding this, the Board has agreed that all Directors shall retire and, if eligible, stand for re-election at each AGM.
- Any Director newly appointed to the Board will receive the fee applicable to each of the other Directors at the time of appointment together with any other fee then currently payable in respect of a specific role which the new Director is to undertake for the Company.
- No incentive or introductory fees will be paid to encourage a person to become a Director.
- Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursment of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses, which are considered to be taxable expenses.
- 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.

Directors' Remuneration Report

Continued

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' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.
- It is the Board's intention that this Remuneration Policy applies for the three years to 30 September 2025.

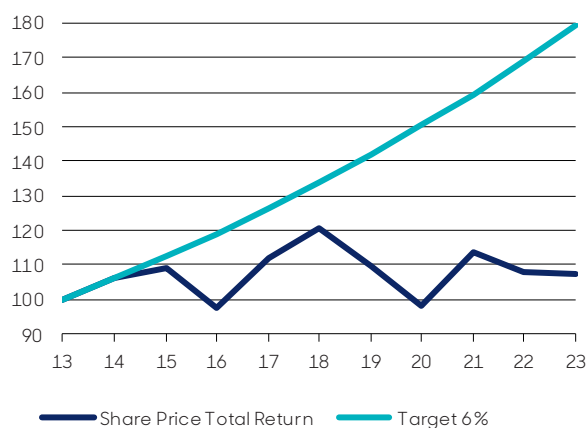
Implementation Report

Review of Directors' Fees

The level of Directors' fees was last revised with effect from 1 October 2022. The Board carried out a review of Directors' annual fees, by reference to inflation, as measured by the increase of 6.7% in the Consumer Prices Index for the year to September 2023, and taking account of peer group comparisons by sector and by market capitalisation. Accordingly, it was concluded that Directors' fees would change, with effect from 1 October 2023, to the following rounded rates per annum: £51,750 (Chairman), £37,750 (Audit Committee Chairman), £34,250 (Senior Independent Director) and £32,000 for each other Director.

Company Performance

The following graph shows the share price return (assuming all dividends are reinvested) to Ordinary shareholders compared to a 6% total return over the ten year period ended 30 September 2023 (rebased to 100 at 30 September 2013). This index was chosen for comparison purposes as it is the objective used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 28 February 2023, shareholders approved, as Resolution 3, the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 30 September 2022.

The proxy votes shown in the following table were received on the Resolution:

Resolution	For and Discretionary	Against	Withheld
3. Receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy)	82.0m (91.5%)	7.6m (8.5%)	447,578

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 on page 59 while dividends paid to shareholders are set out in note 8 and share buybacks are detailed in note 15.

Audited Information

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 30 September 2023 and 30 September 2022 had no interest in the share capital of the Company other than those interests, all of which are beneficial, shown in the following table. In addition, no Director had any interest in the Company's 6.25% Bonds 2031 during the year under review or up to and including the date of approval of this Report.

	30 September 2023 Ordinary shares	30 September 2022 Ordinary shares
Davina Walter	37,387	31,785
Tom Challenor	160,264	159,129
Trevor Bradley	50,000	50,000
Anna Troup	5,000	5,000
Alistair Mackintosh ^A	25,000	25,000

^A Held via a family investment company

There have been no changes to the Directors' interests in the share capital of the Company since 30 September 2023, up to the date of approval of this Report, other than the purchase by Tom Challenor of 696 shares and the purchase by Davina Walter of 223 shares, both as a result of dividend reinvestment, and the purchase by Trevor Bradley of 25,000 shares.

Audited Information

Directors' Remuneration

The Directors received the following remuneration in the form of fees and taxable expenses:

	Year ended 30 September 2023			Year ended 30 September 2022		
	Fees £	Taxable Expenses £	Total £	Fees £	Taxable Expenses £	Total £
Davina Walter	48,400	135	48,535	44,600	186	44,786
Tom Challenor (see note below)	37,600	132	37,732	34,700	146	34,846
Trevor Bradley	29,900	255	30,155	27,500	224	27,724
Anna Troup	29,900	40	29,940	27,500	234	27,734
Alistair Mackintosh	29,900	372	30,272	27,500	138	27,638
Total	175,700	934	176,634	161,800	927	162,727

Taxable expenses refer to amounts claimed by Directors for travelling to attend meetings. The above amounts exclude any employers' national insurance contributions, if applicable. All fees are at a fixed rate and there is no variable remuneration. Fees are pro-rated where a change takes place during a financial year. No payments were made to third parties. There are no other fees to disclose as the Company has no employees, chief executive or executive directors.

Tom Challenor is paid a composite annual fee, reflecting his position as Senior Independent Director and Chairman of the Audit Committee; this was equivalent to annual fees of £37,600 for the year ended 30 September 2023 (2022 - £34,700). With effect from 1 October 2023, Tom Challenor's composite annual fee will be £40,000.

Directors' Remuneration Report

Continued

Annual Percentage Change in Directors' Remuneration

The table below sets out, for the Directors who served during the Year, the annual percentage change in Directors' fees for the past three years.

	Year ended 30 September 2023	Year ended 30 September 2022	Year ended 30 September 2021	Year ended 30 September 2020
	Fees %	Fees %	Fees %	Fees %
Davina Walter (appointed a Director on 1 February 2019, SID on 27 February 2019 and Chairman on 26 February 2020)	8.5	1.9	16.6	102.8
Tom Challenor (appointed SID on 4 June 2021)	8.4	6.3	3.6	6.1
Trevor Bradley (appointed a Director on 1 August 2019)	8.7	1.9	1.9	511.6
Anna Troup (appointed a Director on 1 August 2019)	8.7	1.9	1.9	511.6
Alistair Mackintosh (appointed a Director on 1 May 2021)	8.7	144.4	0.0	0.0

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, it is confirmed that the above Remuneration Report summarises, as applicable, for the year ended 30 September 2023:

- 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, including management of any potential conflicts of interest arising and reflected any feedback from shareholders.

On behalf of the Board

Davina Walter
Chairman
9 January 2024

Report of the Audit Committee

The Audit Committee presents its Report for the year ended 30 September 2023.

Committee Composition

An Audit Committee has been established which was chaired by Tom Challenor throughout the year and consisted of the whole Board with the exception of Davina Walter. In compliance with July 2018 UK Code on Corporate Governance (the "Code"), the Chairman of the Board is not a member of the Committee but attends the Audit Committee by invitation of the Chairman

The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience – Tom Challenor is a Fellow of the Institute of Chartered Accountants in England & Wales – and that, collectively, the Audit Committee possesses competence appropriate for the investment trust sector.

Role of the Audit Committee

The principal role of the Audit Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on at least an annual basis. Copies of the terms of reference are published on the Company's website and are available from the Company Secretary on request.

The Committee's main functions are listed below:

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) on which the Company is reliant (the Directors' statement on the Company's internal controls and risk management is set out below);
- to consider whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half-yearly financial reports, announcements and related formal statements;

- to review the content of the Annual Report and advise the Board on whether, taken as a whole, it 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 meet with the auditor to review the proposed audit programme of work and the findings of the auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the auditor to supply non-audit services;
- to review a statement from the Manager detailing 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;
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor; and
- to monitor and review the auditor's independence, objectivity, effectiveness, resources and qualification.

Activities During the Year

The Audit Committee met twice during the year when, amongst other matters, it considered the Annual Report and the Half-Yearly Financial Report. Representatives of the Manager's internal audit department and risk and compliance department reported to the Committee on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Internal Control

There is an ongoing process, for identifying, evaluating and managing the Company's significant business and operational risks, which has been in place for the year ended 30 September 2023 and up to the date of approval of the Annual Report, which is regularly reviewed by the Board and complies with the FRC's guidance on internal controls.

The Board has overall responsibility for ensuring that there is a system of internal controls in place and a process for reviewing its effectiveness. Any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Report of the Audit Committee

Continued

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board, through the Audit Committee, has prepared its own risk controls self-assessment which lists potential risks relating to strategy; shareholders; Board; investment management; promotional activities; company secretarial; depositary; third party service providers and other external factors. The Board considers the potential cause and possible effect of these risks as well as reviewing the controls in place to mitigate these potential risks.

Clear lines of accountability have been established between the Board and the Manager. The Board receives six-monthly reports from the Manager's risk and compliance and internal audit teams covering key performance and risk indicators and considers control and compliance issues brought to its attention. In carrying out its review, the Board has had regard to the activities of the Manager, including its internal audit and compliance functions, and of the auditor.

The Board has reviewed the Manager's process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed. The Board has also reviewed the effectiveness of the Manager's system of internal control including its annual internal controls report prepared in accordance with the International Auditing and Assurance Standards Board's International Standard on Assurance Engagements ("ISAE") 3402, "Assurance Reports on Controls at a Service Organisation".

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's guidance on internal controls 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.

The key components designed to provide effective internal control are outlined below:

- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers;
- the Board and Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board;
- 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;
- as a matter of course the Manager's compliance department continually reviews its operations; and
- at its meeting in November 2023, the Audit Committee carried out an annual assessment of internal controls for the year ended 30 September 2023 by considering documentation from the Manager, including the internal audit and compliance functions, and taking account of events since 30 September 2023.

The Board has considered the need for an internal audit function. However, the Company has no employees and the day-to-day management of the Company's assets has been delegated to the Manager which has its own compliance and internal control systems. The Board has therefore decided to place reliance on those systems and internal audit procedures and has concluded that it is not necessary for the Company to have its own internal audit function.

Financial Statements and Significant Risks

During its review of the Company's financial statements for the year ended 30 September 2023, the Audit Committee considered, through review of reports and other documentation, the following significant issues, in particular those communicated by the auditor during its planning and reporting of the year end audit:

Basis of Preparation and Material Uncertainty

How the issue was addressed – whilst the financial statements have been prepared on a going concern basis, there is a material uncertainty in respect of the continuation vote and Managed Wind-Down of the Company (see note 2 (a) on pages 80 and 81 for related basis of preparation disclosures).

Valuation and Existence of Investments

How the issue was addressed – The Company's investments have been valued in accordance with the accounting policies, as disclosed in note 2(e) to the financial statements, which are consistent with the International Private Equity and Venture Capital Valuation Guidelines – Edition 2018. Within the FRS 102 Fair Value hierarchy, all investments are categorised as either Level 1 or 2 other than 28 investments (2022 – 30), totalling £198.5m (2022 – £209.1m), which are categorised as Level 3. 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 Audit Committee rigorously challenges the assumptions underlying valuation of unlisted investments. The Company engages the services of an independent Depositary to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Manager on a monthly basis and reports to the Board on an annual basis.

Recognition of Investment Income

How the issue was addressed – the recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors also review, at each meeting, the Company's income, including income received, revenue forecasts and dividend comparisons.

Maintenance of Investment Trust Status

How the issue was addressed – The Company has been approved as an investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010. Ongoing compliance with the eligibility criteria is monitored on a regular basis by the Manager and reported at each Board meeting.

Allocation of finance costs and investment management fees

The Company's finance costs and investment management fees were charged 50% to capital and 50% to revenue during the year ended 30 September 2023. This reflects the Board's currently anticipated split of future investment returns. Prior to 1 October 2022, the charging allocation was 60% to capital and 40% to revenue.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor, PricewaterhouseCoopers LLP including:

- Independence – the auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards.
- Quality of audit work – including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and its working relationship with management (the auditor has a constructive working relationship with the Manager).
- Quality of people and service – including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the audit director).

In reviewing the auditor, the Committee also took into account the FRC's latest Audit Quality Inspection Report for PricewaterhouseCoopers LLP.

Report of the Audit Committee

Continued

Audit Tender

This year's audit of the Company's Annual Report is the third performed by PricewaterhouseCoopers LLP since their appointment following an audit tender process held by the Company in 2019 and is therefore the fourth year for which the senior statutory auditor, Shujaat Khan, has served.

Shareholders will have the opportunity to vote on the re-appointment of PricewaterhouseCoopers LLP as auditor, and their remuneration, as Resolutions 8 and 9 at the forthcoming AGM.

Provision of Non-Audit Services

The Committee has established a policy on the supply of non-audit services provided by the auditor. Such services are considered on an individual basis and may only be provided if the service is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest or prevent the auditor from remaining objective and independent. In addition, non-audit services will only be approved by the Committee if in compliance with the Financial Reporting Council's and UK Public Interest Entity's independence requirements. All non-audit services require the pre-approval of the Committee. Non-audit fees paid to the auditor during the year under review amounted to £17,225 (2022 - £15,750), comprising £12,000 (2022 - £11,000) for the review of the Half-Yearly Financial Report and £5,225 (2022 - £4,750) in relation to covenant compliance requirements for the 6.25% Bonds 2031.

Tom Challenor

Chairman of the Audit Committee
9 January 2024

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

On behalf of the Board,

Davina Walter

Chairman

9 January 2024

Independent Auditors' Report to the members of abrdn Diversified Income and Growth plc

Report on the audit of the financial statements

Opinion

In our opinion, abrdn Diversified Income and Growth plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its loss 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 30 September 2023; 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.

Other than those disclosed in note 5, we have provided no non-audit services to the Company in the period under audit.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. Following the strategic review undertaken by the directors during 2023 and shareholder feedback in relation to the outcome of that review, the directors have concluded to put forward a proposal at the next Annual General Meeting for a Managed Wind-Down of the Company, this proposal is subject to shareholder approval, which is unknown, including the proposed timing of any potential wind down. There also continues to be uncertainty in relation to the potential outcome of the continuation vote of the Company, which may lead to its required termination. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

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.

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

- obtaining and evaluating the Directors' going concern assessment, which reflects conditions up to the point of approval of the Annual Report.
- reviewing the minutes of the Board.
- assessing the disclosures presented in the Annual Report in relation to the proposed Managed Wind-Down of the Company and its impact on the going concern assessment by reading the other information, including the Viability Statement and the Going Concern statement, and assessing their consistency with the Financial Statements and the evidence we obtained in our audit.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than

the material uncertainty identified in note 2 to the financial statements, 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, or in respect of the directors' identification in the financial statements of any other 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.

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

Our audit approach

Overview

Audit scope

- We conducted our audit of the financial statements using information from the AIFM to whom the Directors have delegated the provision of all administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third party 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.

Key Audit Matters

- Material uncertainty related to going concern
- Valuation and existence of investments
- Income from investments

Materiality

- Overall materiality: £3.4m (2022: £3.6m) based on approximately 1% of Net Assets
- Performance materiality: £2.54m (2022: £2.72m)

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.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern (Continuation Vote), which was a key audit matter last year, is no longer included because of the disclosures included elsewhere in our audit report in respect of the material uncertainty over going concern. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation and existence of investments</p> <p>Refer to the Report of the Audit Committee, the Accounting Policies and the Notes to the Financial Statements.</p> <p>Level 1 and 2 investments at the year end are valued at £141m. Level 3 investments at year end were valued at £198m.</p> <p>We focused on the valuation and</p>	<p>Investments for which a market price is available (Level 1 and 2 investments)</p> <p>We tested the valuation of the level 1 and 2 investments by agreeing the prices used in the valuation to independent third party sources.</p> <p>We tested the existence of these investments by agreeing 100% of investment holdings to an independent custodian confirmation.</p> <p>No material misstatements were identified.</p> <p>Investments for which a market price is not readily available (Level 3)</p>

Independent Auditors' Report to the members of abrdn Diversified Income and Growth plc

Continued

Key audit matter	How our audit addressed the key audit matter
<p>existence of investments because they represent the principal element of the net asset value of the Company as disclosed on the Statement of Financial Position. In addition, the valuation of Level 3 investments requires judgement to be applied by the Directors in considering the reliability and valuation basis of underlying investment manager valuation statements.</p>	<p>We understood and evaluated the valuation methodology applied by the Directors, in consultation with the AIFM, by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV) and the requirements of UK GAAP.</p> <p>Furthermore, our testing of Level 3 investments included:</p> <ul style="list-style-type: none"> Obtaining a reconciliation of the investments that summarised year on year movements including any drawdowns and distributions in the period; Checking that the valuations used in the financial statements were consistent with the Company's accounting records including the reconciliation; Checking the accuracy of the valuations recorded by the client to underlying investment manager valuation reports; <p>We obtained independent confirmation from underlying investment managers to confirm ownership and existence of investments as at 30 September 2023;</p> <p>We considered the methodology and valuation approach applied by investment managers to check that it was in line with the requirements of IPEV; and</p> <p>In addition, for a sample of investments, we engaged our internal valuation experts to consider whether the year to year movement in valuations used by the Company were considered to be within a reasonable range and whether any publicly available evidence contradicted the valuations recorded.</p> <p>No material misstatements were identified.</p>
<p>Income from investments Refer to the Report of the Audit Committee Report, the Notes to the Financial Statements and to the Accounting Policies.</p> <p>ISAs (UK) presume there is a risk of fraud in income recognition because of the pressure management may feel to achieve a certain objective. In this instance, we consider that 'income' refers to all the Company's income streams, both revenue and capital (including gains and losses on investments).</p> <p>Income from investments comprised dividend income, fixed interest income, distributions from Level 3 investments, and gains and losses on investments.</p> <p>We focused on the accuracy, completeness and occurrence of investment income recognition as incomplete or inaccurate income could have a material impact on the Company's net asset value and return for the year.</p>	<p>We assessed the revenue recognition accounting policy applied for compliance with UK GAAP and the AIC SORP and performed testing to check that income had been accounted for in accordance with this stated accounting policy.</p> <p>Dividend Income</p> <p>We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent market data for all investments for which distribution information was publicly available.</p> <p>To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends for all listed investments during the year, and no unrecorded dividends were found.</p> <p>To test the occurrence assertion, we tested that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements.</p> <p>We also tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement in line with the requirements set out in the AIC SORP by determining reasons behind dividend distributions.</p> <p>No material misstatements were identified.</p> <p>Fixed Interest income</p> <p>We tested fixed interest income for a sample of investments by recalculating the expected coupon interest and amortisation, using the opening and closing portfolios</p>

Key audit matter	How our audit addressed the key audit matter
<p>We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Income Statement for compliance with 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.</p>	<p>and coupon rates and maturity dates obtained from independent third-party sources.</p> <p>No material misstatements were identified.</p> <p>Unquoted Limited Partnership income</p> <p>For a sample of distributions from unlisted investments recorded in the period we tested the accuracy and occurrence of the amounts by agreeing the amounts to distribution notices and bank statements.</p> <p>No material misstatements were identified.</p> <p>Gains and losses on investments</p> <p>The gains and losses on investments held at fair value comprise realised and unrealised gains and losses. For unrealised gains and losses, we tested a sample of the Level 1 and Level 2 investments, and recalculated the balance disclosed in the financial statements. We sample tested the valuation of the Level 3 investments at the year-end (see above), together with testing the reconciliation of opening and closing investments. For realised gains and 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 and losses.</p> <p>No material misstatements were identified.</p>

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.

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

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.

Independent Auditors' Report to the members of abrdrn Diversified Income and Growth plc

Continued

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	£3.4m (2022: £3.6m)
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.

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% (2022: 75%) of overall materiality, amounting to £2.54m (2022: £2.72m) 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 £169,000 (2022: £181,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 our work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 September 2023 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, except for the matters reported in the section headed 'Material uncertainty related to going concern', 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 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.

Independent Auditors' Report to the members of abrdn Diversified Income and Growth plc

Continued

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 (investment income and capital gains) or to increase net asset value, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- consideration of known or suspected instances of non-compliance with laws and regulation and fraud where applicable;
- reviewing relevant meeting minutes, including those of the Board and the Audit Committee;
- assessment of the Company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of Level 3 investments;
- identifying and testing journal entries, in particular a sample of manual year end journal entries posted during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

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

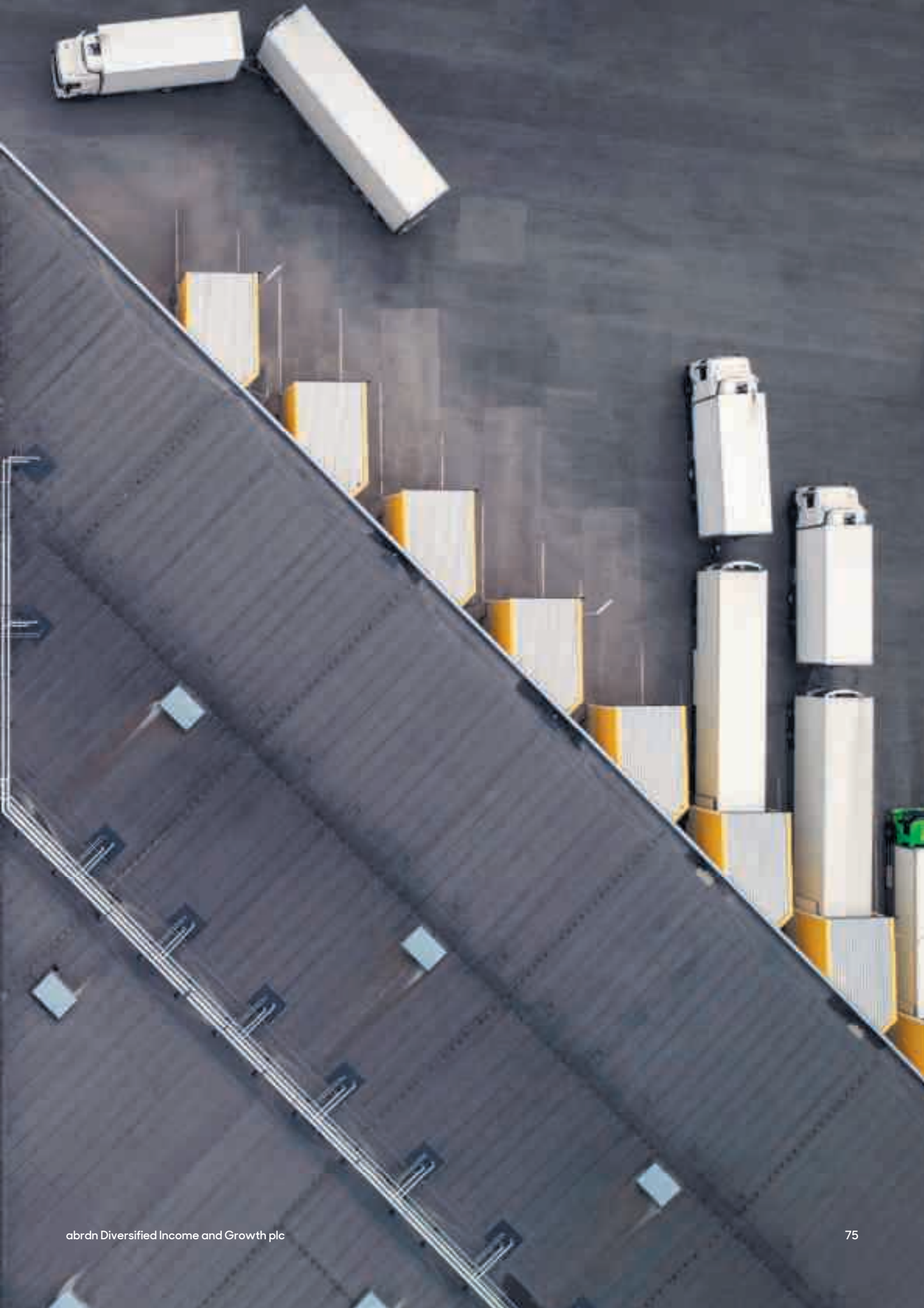
Following the recommendation of the Audit Committee, we were appointed by the members on 26 February 2020 to audit the financial statements for the year ended 30 September 2020 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 30 September 2020 to 30 September 2023.

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

9 January 2024

Financial Statements





Statement of Comprehensive Income

	Note	Year ended 30 September 2023			Year ended 30 September 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	10	-	(24,549)	(24,549)	-	11,405	11,405
Foreign exchange gains/(losses)		-	13,297	13,297	-	(24,660)	(24,660)
Income	3	17,163	-	17,163	17,959	-	17,959
Investment management fees	4	(563)	(563)	(1,126)	(517)	(776)	(1,293)
Administrative expenses	5	(1,146)	(38)	(1,184)	(940)	10	(930)
Net return/(loss) before finance costs and taxation		15,454	(11,853)	3,601	16,502	(14,021)	2,481
Finance costs	6	(524)	(524)	(1,048)	(426)	(639)	(1,065)
Net return/(loss) before taxation		14,930	(12,377)	2,553	16,076	(14,660)	1,416
Taxation	7	(1,678)	(1,174)	(2,852)	(637)	(1,488)	(2,125)
Return/(loss) attributable to equity shareholders		13,252	(13,551)	(299)	15,439	(16,148)	(709)
Return/(loss) per Ordinary share (pence)	9	4.35	(4.45)	(0.10)	4.99	(5.23)	(0.23)

The total column of the Statement of Comprehensive Income is the profit and loss account of the Company. There has been no other comprehensive income during the year, accordingly, the return/(loss) attributable to equity shareholders is equivalent to the total comprehensive income/(loss) for the year.

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

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

Statement of Financial Position

	Note	As at 30 September 2023 £'000	As at 30 September 2022 (*Restated) £'000
Non-current assets			
Investments at fair value through profit or loss	10	339,972	373,732
Deferred taxation asset	7	-	1,167
		339,972	374,899
Current assets			
Debtors	11	1,549	2,845
Derivative financial instruments		87	984
Cash and cash equivalents	12	21,025	7,179
		22,661	11,008
Current liabilities			
Derivative financial instruments		(5,702)	(5,906)
Other creditors	13	(1,667)	(949)
		(7,369)	(6,855)
Net current assets		15,292	4,153
Total assets less current liabilities		355,264	379,052
Non-current liabilities			
6.25% Bonds 2031	14	(15,730)	(15,694)
Net assets		339,534	363,358
Equity			
Called up share capital (*restated) ^A	15	80,938	84,438
Share premium account		116,556	116,556
Capital redemption reserve (*restated) ^A		37,043	33,543
Capital reserve	16	69,717	89,560
Revenue reserve		35,280	39,261
Total shareholders' funds		339,534	363,358
Net asset value per Ordinary share (pence)			
	17		
Bonds at par value		112.70	117.80
Bonds at fair value		112.59	117.63

^A Further details of the restatement can be found in note 25 on page 112.

The financial statements on pages 76 to 112 were approved by the Board of Directors and authorised for issue on 9 January 2024 and were signed on its behalf by:

Davina Walter, Chairman

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

Statement of Changes in Equity

For the year ended 30 September 2023

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2022 (*restated) ^A		84,438	116,556	33,543	89,560	39,261	363,358
Return after taxation		-	-	-	(13,551)	13,252	(299)
Ordinary shares purchased for treasury	15	-	-	-	(6,292)	-	(6,292)
Ordinary shares cancelled from treasury	15	(3,500)	-	3,500	-	-	-
Dividends paid	8	-	-	-	-	(17,233)	(17,233)
Balance at 30 September 2023		80,938	116,556	37,043	69,717	35,280	339,534

For the year ended 30 September 2022

	Note	Share capital (*Restated) £'000	Share premium account £'000	Capital redemption reserve (*Restated) £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2021 (*restated) ^A		84,438	116,556	33,543	106,572	41,009	382,118
Return after taxation		-	-	-	(16,148)	15,439	(709)
Ordinary shares purchased for treasury	15	-	-	-	(864)	-	(864)
Dividends paid	8	-	-	-	-	(17,187)	(17,187)
Balance at 30 September 2022 (*restated)^A		84,438	116,556	33,543	89,560	39,261	363,358

^A Further details of the restatement can be found in note 25 on page 112.

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

Statement of Cash Flows

	Note	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Operating activities			
Net return before finance costs and taxation		3,601	2,481
Adjustments for:			
Dividend income		(7,341)	(7,878)
Distribution income		(6,815)	(7,324)
Fixed interest income		(2,643)	(2,689)
Interest (income)/expense		(344)	11
Other income		(20)	(57)
Dividends received		7,349	7,848
Distributions received		6,815	7,324
Fixed interest income received		2,540	2,742
Interest received/(paid)		294	(11)
Other income received		20	57
Unrealised losses on forward contracts		693	2,005
Foreign exchange losses/(gains)		88	(550)
Losses/(gains) on investments		24,549	(11,405)
Decrease/(increase) in other debtors		23	(40)
Increase in accruals		204	286
Corporation tax paid		(1,110)	(417)
Taxation withheld		(550)	(234)
Net cash flow from/(used in) operating activities		27,353	(7,851)
Investing activities			
Purchases of investments		(102,128)	(59,692)
Sales of investments		113,246	86,057
Net cash flow from investing activities		11,118	26,365
Financing activities			
Purchase of own shares to treasury		(6,292)	(864)
Interest paid		(1,012)	(1,035)
Equity dividends paid	8	(17,233)	(17,187)
Net cash flow used in financing activities		(24,537)	(19,086)
Increase/(decrease) in cash and cash equivalents		13,934	(572)
Analysis of changes in cash and cash equivalents during the year			
Opening balance		7,179	7,201
Foreign exchange		(88)	550
Increase/(decrease) in cash and cash equivalents as above		13,934	(572)
Closing balance		21,025	7,179
Represented by:			
Money market funds		12,450	-
Cash and short term deposits		8,575	7,179
		21,025	7,179

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

Notes to the Financial Statements

For the year ended 30 September 2023

1. Principal activity

The Company is a closed-end investment company, registered in Scotland No SC003721, with its Ordinary shares having a premium listing on the London Stock Exchange.

2. Accounting policies

(a) **Basis of preparation.** The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Companies Act 2006 and the Association of Investment Companies ('AIC') Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued in July 2022. 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.

While the Company is obliged to hold a continuation vote at the 2024 AGM, as ordinary resolution 10, the Directors do not believe this should automatically trigger the adoption of a basis other than going concern in line with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP") which states that it is usually more appropriate to prepare financial statements on a going concern basis unless a continuation vote has already been triggered and shareholders have voted against continuation.

The Directors considered a number of factors in determining unanimously that shareholders should vote in favour of continuation at the AGM and have engaged in discussions with a number of shareholders, and with their advisers, in reaching this conclusion. These matters included:

- the outcome of the strategic review, in the form of a restriction on new investments as part of a revised investment policy, taking account of the maturity profile of medium and longer term private markets investments;
- the proposed managed wind down, which is subject to shareholder approval, is aimed at optimising shareholder returns and is likely to take at least three to four years;
- feedback from certain shareholders that a return of capital by the Company, as explained in the Chairman's Statement page 8, was preferred; and
- an assessment of the pattern of the Company's future cashflows, after taking account of working capital requirements, capital commitments for the private markets investments and the proposed repayment of the 6.25% Bonds 2031.

Based on this assessment the Directors have made the assumption that the continuation vote will pass, however recognise that the outcome of the vote is not yet known given the performance of the Company against its benchmark and the Company's share price compared with its net asset value per share. Additionally, uncertainty also exists in respect of the proposals for a Managed Wind-Down of the Company which are subject to shareholder approval and the timeline for the liquidation of the Company which will be impacted by the timing of the disposals of the Company's investments.

If the Managed Wind-Down proposals are rejected by shareholders and they vote for a discontinuation of the Company, the Directors will require to deliver a revised wind down proposal for approval following shareholder engagement within six months of the AGM.

In accordance with the SORP guidance, the Directors note that these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company's financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern, such as the repurchase cost of the Company's Bonds using the Spens methodology, a liquidation provision or potential adjustments to carrying values of investments relating to their realisation in due course. Based on their assessment and considerations above, the Directors have concluded that the financial statements of the Company should continue to be prepared on a going concern basis and the financial statements have been prepared accordingly.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 14 to 16 and have reviewed forecasts detailing revenue and liabilities. The Directors are satisfied that: the Company is able to meet all of its liabilities from its assets, including its ongoing charges, so possesses sufficient resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of this Annual Report; the Company is financially sound; and the Company's key third party service providers had in place appropriate business continuity plans.

A substantial proportion of the Company's assets are invested in equity shares in companies and fixed interest securities listed on recognised stock exchanges and in most circumstances, including in the current market environment, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews cash flow projections and compliance with banking covenants, including the headroom available.

The financial statements are presented in sterling (rounded to the nearest £'000), which is the Company's functional and presentation currency. The Company's performance is evaluated and its liquidity is managed in sterling. Therefore sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Significant accounting judgements, estimates and assumptions. The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which require Directors to exercise judgement in the process of applying the accounting policies. The areas where judgements, estimates and assumptions have the most significant effect on the amounts recognised in the financial statements are the determination of the fair value of unlisted investments, as disclosed in note 2(e).

- (b) **Income.** Dividend income receivable on equity shares is recognised on the ex-dividend date. Dividend income on equity shares where no ex-dividend date is quoted is brought into account when the Company's right to receive payment is established. Where the Company has elected to receive dividends in the form of additional shares rather than in cash the amount of the cash dividend foregone is recognised as income. Special dividends are credited to capital or revenue according to their circumstances. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

Distributions of non-recallable capital received from unlisted holdings during their investment phase, which have been funded through profits being generated, are allocated to revenue in alignment with the nature of the underlying source of income and in accordance with guidance in the AIC SORP.

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 income is accounted for on an accruals basis. Underwriting commission is recognised when the issue underwritten closes.

- (c) **Expenses.** All expenses are recognised on an accruals basis. Expenses are charged through the revenue column of the Statement of Comprehensive Income except as follows:

– expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed in note 10;

Notes to the Financial Statements

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– with effect from 1 October 2022, the Company charges 50% of investment management fees and finance costs to capital, in accordance with the Board's view at that time of the expected long term return in the form of capital gains and income respectively from the investment portfolio of the Company. Previously the allocation was 60% to capital.

In accordance with the investment management agreement, where applicable, an amount equivalent to the management fee received by the Manager on the underlying holding which is managed by the Group in the normal course of business, is either removed from or offset against the management fee payable by the Company to ensure that no double counting occurs.

- (d) **Taxation.** The tax expense represents the sum of tax currently payable and deferred tax. Any 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. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

Deferred taxation is recognised in respect of 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 tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. 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. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year. The SORP recommends that the benefit of that tax relief should be allocated to capital and a corresponding charge made to revenue. The Company does not apply the marginal method of allocation of tax relief as any allocation of tax relief between capital and revenue would have no impact on shareholders' funds. Had this allocation been made, the charge to revenue and corresponding credit to capital for the year ended 30 September 2023 would have been £1,122,000 (2022 – £1,720,000).

- (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. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange.

Unlisted investments, including those in Limited Partnerships ('LPs') are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines – Edition 2022.

The Company's investments in LPs are subject to the terms and conditions of the respective investee's offering documentation. The investments in LPs are valued based on the reported Net Asset Value ('NAV') of such assets as determined by the administrator or General Partner of the LP and adjusted by the Directors in consultation with the Manager to take account of concerns such as liquidity so as to ensure that investments held at fair value through profit or loss are carried at fair value. The reported NAV is net of applicable fees and expenses including carried interest amounts of the investees and the underlying investments held by each LP are accounted for, as defined in the respective investee's offering documentation. While the underlying fund managers may utilise various model-based approaches to value their investment portfolios, on which the Company's valuations are based, no such models are used directly in the preparation of fair values of the investments. The NAV of LPs reported by the administrators may subsequently be adjusted when such results are subject to audit and audit adjustments may be material to the Company.

Gains and losses arising from changes in fair value are treated in net profit or loss for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

- (f) **Borrowings.** Borrowings are measured initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest rate method. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and have been charged 50% to revenue and 50% to capital in the Statement of Comprehensive Income up to 30 September 2023 to reflect the Company's investment policy and prospective income and capital growth. Previously the allocation was 40% to revenue and 60% to capital.

(g) **Nature and purpose of reserves**

Called up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. 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 investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences. Additionally, expenses, including finance costs, are charged to this reserve in accordance with (c) and (f) above. The capital reserve is distributable to the extent unrealised gains/losses arising from unlisted investments are excluded.

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.

When making a distribution to shareholders, the Directors determine profits available for distribution by reference to 'Guidance on realised and distributable profits under the Companies Act 2006' issued by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland in April 2017. The availability of distributable reserves in the Company is dependent on those dividends meeting the definition of qualifying consideration within the guidance and on available cash resources of the company and other accessible sources of funds. The distributable reserves are therefore subject to any future restrictions or limitations at the time such distribution is made.

Notes to the Financial Statements

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- (h) **Valuation of derivative financial instruments.** Derivatives are classified as fair value through profit or loss – held for trading. Derivatives are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the Statement of Comprehensive Income. The sources of the return under the derivative contract are allocated to the revenue and capital column of the Statement of Comprehensive Income in alignment with the nature of the underlying source of income and in accordance with guidance in the AIC SORP.
- (i) **Dividends payable.** Dividends payable to equity shareholders are recognised in the financial statements when they have been approved by shareholders and become a liability of the Company. Interim dividends are recognised in the financial statements in the period in which they are paid.
- (j) **Foreign currency.** Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the reporting date. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included as a currency gain or loss in revenue or capital in the Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature.
- (k) **Treasury shares.** When the Company purchases the Company's equity share capital to be held as treasury shares, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from the capital reserve. When these shares are sold subsequently, the amount received is recognised as an increase in equity, and any resulting surplus on the transaction is transferred to the share premium account and any resulting deficit is transferred from the capital reserve.
- (l) **Cash and cash equivalents.** Cash comprises cash at bank. Cash equivalents includes bank overdrafts repayable on demand and short term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.
- (m) **Segmental reporting.** The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided.

3. Income

	2023 £'000	2022 £'000
Income from investments		
UK listed dividends	1,988	2,934
Overseas listed dividends	5,353	4,939
Unquoted Limited Partnership income	6,815	7,324
Stock dividends	-	5
Fixed interest income	2,643	2,689
	16,799	17,891
Other income		
Deposit interest	216	11
Interest from money market funds	128	-
Other income	20	57
	364	68
Total income	17,163	17,959

4. Investment management fees

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	563	563	1,126	517	776	1,293

The investment management fee has been levied by abrdn Fund Managers Limited ("aFML") at the following tiered levels:

- 0.50% per annum in respect of the first £300 million of the net asset value (with the 6.25% Bonds 2031 at fair value); and
- 0.45% per annum in respect of the balance of the net asset value (with the 6.25% Bonds 2031 at fair value).

The Company also receives rebates in respect of underlying investments in other funds managed by the Group (where an investment management fee is charged by the Group on that fund) in the normal course of business to ensure that no double counting occurs. Any investments made in funds managed by the Manager which themselves invest directly into alternative investments including, but not limited to, infrastructure and property are charged at the Manager's lowest institutional fee rate. To avoid double charging, such investments are excluded from the overall management fee calculation.

At the year end, an amount of £179,000 (2022 - £315,000) was outstanding in respect of management fees due by the Company.

With effect from 1 October 2022, management fees are charged 50% to revenue and 50% to capital (previously 40% to revenue and 60% to capital) in line with the Company's expected long-term returns.

Notes to the Financial Statements

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5. Administrative expenses

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' remuneration	176	-	176	162	-	162
Custody fees	28	-	28	42	-	42
Depositary fees	43	-	43	50	-	50
Shareholders' services ^A	388	-	388	263	-	263
Registrar's fees	63	-	63	59	-	59
Transaction costs	-	38	38	-	26	26
Legal and professional fees	109	-	109	103	-	103
Printing and postage	54	-	54	37	-	37
Irrecoverable VAT	38	-	38	50	-	50
Auditor's remuneration:						
- statutory audit	125	-	125	61	-	61
- other non-audit services						
report in respect of Bond covenant compliance	5	-	5	5	-	5
review of Half-yearly Report	12	-	12	11	-	11
Other expenses	105	-	105	97	(36)	61
	1,146	38	1,184	940	(10)	930

^A Includes registration, savings scheme and other wrapper administration and promotional expenses, of which £388,000 (2022 - £260,000) was payable to aFML to cover promotional activities during the year. There was £337,000 (2022 - £170,000) due to aFML in respect of these promotional activities at the year end.

6. Finance costs

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
6.25% Bonds 2031	521	521	1,042	414	622	1,036
Bank interest	3	3	6	12	17	29
	524	524	1,048	426	639	1,065

With effect from 1 October 2022, finance costs have been charged 50% to revenue and 50% to capital (previously 40% to revenue and 60% to capital).

7. Taxation

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Current UK tax	1,656	-	1,656	502	-	502
Double taxation relief	(32)	-	(32)	(62)	-	(62)
Corporation tax prior year adjustment ^A		-	-	22	-	22
Overseas tax suffered	54	7	61	175	1	176
Current tax charge for the year	1,678	7	1,685	637	1	638
Movement in deferred tax asset	-	1,167	1,167	-	1,487	1,487
Total tax charge for the year	1,678	1,174	2,852	637	1,488	2,125

^A Adjustment in 2022 relates to tax payable upon the reclassification of income as taxable which had previously been identified as non-taxable.

- (b) **Factors affecting the tax charge for the year.** The tax assessed for the year is lower than the standard rate of corporation tax of 25% (2022 – 19%). The differences are explained as follows:

Notes to the Financial Statements

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	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	14,930	(12,377)	2,553	16,076	(14,660)	1,416
Net return before taxation multiplied by the standard rate of corporation tax of 22.0% (2022 – 19.0%)	3,285	(2,723)	562	3,054	(2,785)	269
Effects of:						
Non taxable (gains) on investments held at fair value through profit or loss	-	5,401	5,401	-	(1,793)	(1,793)
Exchange (gains)/losses not taxable	-	(2,926)	(2,926)	-	4,305	4,305
Non taxable UK dividend income	(157)	-	(157)	(346)	-	(346)
Non taxable overseas dividend income	(350)	-	(350)	(486)	-	(486)
Disallowable expenses	-	-	-	-	5	5
Overseas tax suffered	54	7	61	175	1	176
Double taxation relief	(32)	-	(32)	(62)	-	(62)
Corporation tax prior year adjustment	-	-	-	22	-	22
Utilisation of excess management expenses	-	(874)	(874)	-	(1,452)	(1,452)
Effect of not applying the marginal method of allocation of tax relief	(1,122)	1,122	-	(1,720)	1,720	-
Movement in deferred tax asset	-	1,167	1,167	-	1,487	1,487
	1,678	1,174	2,852	637	1,488	2,125

- (c) **Factors that may affect future tax charges.** At the year end, after offset against income taxable on receipt, there was a deferred tax asset of £nil (2022 – £1,167,000) in relation to surplus management expenses.

	2023 £'000	2022 £'000
(d) Movement in deferred tax asset		
Origination and reversal of timing differences	1,167	1,646
Impact of change in tax rate	-	(159)
	1,167	1,487

8. Ordinary dividends on equity shares

	2023 £'000	2022 £'000
Third interim dividend for 2022 - 1.40p (2021 - 1.38p)	4,319	4,269
Fourth interim dividend for 2022 - 1.40p (2021 - 1.38p)	4,314	4,267
First interim dividend for 2023 - 1.42p (2022 - 1.40p)	4,322	4,328
Second interim dividend for 2023 - 1.42p (2022 - 1.40p)	4,278	4,323
	17,233	17,187

Set out below are the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 and 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year is £13,252,000 (2022 - £15,439,000).

	2023 £'000	2022 £'000
First interim dividend for 2023 - 1.42p (2022 - 1.40p)	4,322	4,328
Second interim dividend for 2023 - 1.42p (2022 - 1.40p)	4,278	4,323
Third interim dividend for 2023 - 1.42p (2022 - 1.40p)	4,278	4,319
Fourth interim dividend for 2023 - 1.42p (2022 - 1.40p)	4,278	4,314
Special dividend for 2023 - 1.65p (2022 - nil)	4,971	-
	22,127	17,284

Notes to the Financial Statements

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9. Return per Ordinary share

	2023 p	2022 p
Revenue return	4.35	5.00
Capital loss	(4.45)	(5.23)
Total loss	(0.10)	(0.23)

The figures above are based on the following:

	2023 £'000	2022 £'000
Revenue return	13,252	15,439
Capital loss	(13,551)	(16,148)
Total loss	(299)	(709)

Weighted average number of shares in issue ^A	304,340,151	308,982,666
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^A Calculated excluding shares held in treasury.

10. Investments

	2023 £'000	2022 £'000
Held at fair value through profit or loss		
Opening valuation	373,732	390,446
Opening investment holdings gains	(31,812)	(8,546)
Opening book cost	341,920	381,900
Movements during the year:		
Purchases at cost	102,128	59,476
Sales – proceeds	(111,509)	(87,527)
Sales – losses	(3,509)	(11,861)
Dilution/(accretion) of fixed income book cost	170	(68)
Closing book cost	329,200	341,920
Closing investment holdings gains	10,772	31,812
Closing valuation of investments	339,972	373,732

	2023 £'000	2022 £'000
The portfolio valuation^A		
UK equities	91,499	76,744
Overseas equities	18,125	40,113
Fixed interest	29,619	32,147
Loan investments	2,279	15,662
Unlisted holdings	198,450	209,066
	339,972	373,732

^A The portfolio valuation includes pooled investment vehicles and collective investment schemes.

	2023 £'000	2022 £'000
(Losses)/Gains on investments		
Realised losses	(3,509)	(11,861)
Net movement in investment holdings (losses)/gains	(21,040)	23,266
	(24,549)	11,405

The Company received £111,509,000 (2022 – £87,527,000) from investments sold in the period. The book cost of these investments when they were purchased was £115,018,000 (2022 – £99,388,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of 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 losses on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2023 £'000	2022 £'000
Purchases	68	47
Sales	43	62
	111	109

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.

Notes to the Financial Statements

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Substantial holdings. At the year end the Company held more than 3% of a share class in the following investees:

Investee	Class	% of Class
Aberdeen Global Infrastructure Partners II	AUD	11
Aberdeen European Residential Opportunities Fund	B	6
Aberdeen Property Secondaries Partners II	A-1	21
Aberdeen Standard Global Private Markets Fund	GBP Acc	6
Andean Social Infrastructure Fund I	USD	13
Bonaccord Capital Partners I-A	USD	7
Cheyne Social Property Impact Fund	GBP	3
Maj Equity Fund 4	DKK	3
Mount Row Credit Fund III	A9	5
Secondary Opportunities Fund	USD	6
SL Capital Infrastructure II	EUR	5

Significant holdings disclosure requirements – AIC SORP

Details are disclosed below in accordance with the requirements of paragraph 82 of the AIC Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (updated in July 2022) in relation to unlisted investments included in the ten largest holdings disclosed on page 34. As required, this disclosure includes turnover, pre-tax profits and net assets attributable to investors as reported within the most recently audited financial statements of the investee companies, where possible.

Name	Latest Financial Statements	Proportion of capital owned %	Book cost £'000	Market value £'000	Income recognised from holding in the period £'000	Turnover (£'000)	Pre-tax profit/(loss) (£'000)	Net assets attributable to shareholders (£'000)
SL Capital Infrastructure	n/a	5.2	22,386	27,419	Information not publicly available			
Aberdeen Standard Global Private Markets Fund	n/a	6.2	15,044	19,934	Information not publicly available			
Burford Opportunity Fund	n/a	8.3	13,818	17,272	Information not publicly available			
Healthcare Royalty Partners IV	n/a	2.0	18,397	16,235	Information not publicly available			
Bonaccord Capital Partners I-A	n/a	7.2	11,823	16,091	Information not publicly available			
Andean Social Infrastructure Fund	n/a	12.5	14,311	15,016	Information not publicly available			
Aberdeen Standard Secondary Opportunities Fund IV	n/a	6.3	8,080	12,940	Information not publicly available			

Name	Latest Financial Statements	Proportion of capital owned %	Book cost £'000	Market value £'000	Income recognised from holding in the period £'000	Turnover ('000)	Pre-tax profit/(loss) ('000)	Net assets attributable to shareholders ('000)
SL Capital Infrastructure	n/a	5.2	15,013	19,581	Information not publicly available			
Aberdeen Standard Global Private Markets Fund	n/a	6.2	15,044	19,122	Information not publicly available			
Burford Opportunity Fund	n/a	8.3	13,505	17,520	Information not publicly available			
Healthcare Royalty Partners IV	n/a	2.0	12,762	13,522	Information not publicly available			
Bonaccord Capital Partners I-A	n/a	7.2	11,217	15,255	Information not publicly available			
Andean Social Infrastructure Fund	n/a	12.5	11,248	12,691	Information not publicly available			
Aberdeen Standard Secondary Opportunities Fund IV	n/a	6.3	4,683	9,385	Information not publicly available			

11. Debtors

	2023 £'000	2022 £'000
Amounts due from brokers	62	1,806
Prepayments and accrued income	903	950
Taxation recoverable	584	89
	1,549	2,845

12. Cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	8,575	7,179
Money market funds	12,450	-
	21,025	7,179

Notes to the Financial Statements

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13. Current liabilities

	2023 £'000	2022 £'000
Interest on 6.25% Bonds 2031	55	55
Corporation tax payable	756	242
Other creditors	856	652
	1,667	949

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

	2023 £'000	2022 £'000
6.25% Bonds 2031^A		
Balance at beginning of year	15,694	15,664
Amortisation of discount and issue expenses	36	30
Balance at end of year	15,730	15,694

^A The fair value of the 6.25% Bonds using the last available quoted offer price from the London Stock Exchange as at 30 September 2023 was 99.8297p, a total of £16,069,000 (2022 - 100.7812p, a total of £16,222,000).

At the year end the Company had in issue £16,096,000 (2022 - £16,096,000) Bonds 2031 which were issued at 99.343%. The Bonds have been accounted for in accordance with FRS 102, which require any discount or issue costs to be amortised over the life of the Bonds. The Bonds are secured by a floating charge over all of the assets of the Company.

Under the covenants relating to the Bonds, the Company is required to ensure that, at all times, the aggregate principal amount outstanding in respect of monies borrowed by the Company does not exceed an amount equal to its share capital and reserves. All covenants were met during the year and also during the period from the year end to the date of this Report.

15. Called up share capital

	Ordinary shares (number)	Treasury shares (number)	Total shares (number)	(*Restated) £'000
Allotted, called up and fully paid Ordinary shares of 25p each				
At 1 October 2022 ^A	308,447,314	29,304,492	337,751,806	84,438
Shares cancelled from treasury	-	(14,000,000)	(14,000,000)	(3,500)
Shares purchased for treasury	(7,181,362)	7,181,362	-	-
At 30 September 2023	301,265,952	22,485,854	323,751,806	80,938

^AAs per Note 25 on page 112, the Statement of Financial Position and the Statement of Changes in Equity have been restated to reflect a transfer of £6,914,000 from called up share capital to the capital redemption reserve following the cancellation of 27,659,068 Ordinary shares of 25p from treasury on 31 March 2021.

During the year 7,181,362 (2022 – 871,424) Ordinary shares of 25p each were purchased to be held in treasury at a cost of £6,292,000 (2022 – £864,000). There were no Ordinary shares of 25p issued from treasury during the year (2022 – same). On 29 September 2023, 14,000,000 Ordinary shares held in treasury were cancelled.

16. Capital reserve

	2023 £'000	2022 £'000
At 1 October	89,560	106,572
Movement in investment holding gains	(21,040)	23,266
Losses on realisation of investments at fair value	(3,509)	(11,861)
Foreign exchange gains/(losses)	13,297	(24,660)
Transaction and other costs	(38)	10
Finance costs	(524)	(639)
Purchase of own shares to treasury	(6,292)	(864)
Investment management fees	(563)	(776)
Overseas tax suffered	(7)	(1)
Deferred tax	(1,167)	(1,487)
At 30 September	69,717	89,560

Notes to the Financial Statements

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17. Net asset value per Ordinary share

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

Debt at par	2023	2022
Net asset value attributable (£'000)	339,534	363,358
Number of Ordinary shares in issue excluding treasury (note 15)	301,265,952	308,447,314
Net asset value per share (p)	112.70	117.80

Debt at fair value	£'000	£'000
Net asset value attributable	339,534	363,358
Add: Amortised cost of 6.25% Bonds 2031	15,730	15,694
Less: Market value of 6.25% Bonds 2031	(16,069)	(16,222)
	339,195	362,830

Number of Ordinary shares in issue excluding treasury (note 15)	301,265,952	308,447,314
Net asset value per share (p)	112.59	117.63

18. Financial instruments

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, liquid resources, loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The Company also has the ability to enter into derivative transactions in the form of forward foreign currency contracts, futures and options, subject to Board approval, for the purpose of enhancing portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy.

As at 30 September 2023 there were 18 open positions in derivatives transactions (2022 - 16).

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

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

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Chief Risk Officer, who reports to the Chief Executive 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 corporate governance structure is supported by several committees to assist the board of directors of aFML, 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 in the committees' terms of reference.

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

In order to mitigate risk, the investment strategy is to select investments for their fundamental value. Asset selection is therefore based on disciplined accounting, market and sector analysis. 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 asset class. The Investment Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy. Current and future strategy is detailed in the Chairman's Statement on page 8, regarding proposals for a Managed Wind-Down of the Company.

The Board has agreed the parameters for net (cash)/gearing, which was -1.6% of net assets as at 30 September 2023 (2022 - net gearing of 1.8%). The Manager's policies for managing these risks are summarised below and have been applied throughout the current and previous year. The numerical disclosures in the tables listed below exclude short-term debtors and creditors.

Market risk. The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the Manager in pursuance of the investment objective as set out on page 11. Adherence to investment guidelines and to investment and borrowing powers set out in the management agreement mitigates the risk of exposure to any particular security or issuer. Further information on the investment portfolio is set out in the Investment Manager's Report on pages 26 to 31.

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold investments in the portfolio in a broad spread of asset classes in order to reduce the risk arising from factors specific to a particular asset class.

Interest rate risk. Interest rate movements may affect:

- the level of income receivable on cash deposits; and
- the fair value of any investments in fixed interest rate securities.

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. Details of the 6.25% Bonds 2031 and interest rate applicable can be found in note 14 on page 94.

Notes to the Financial Statements

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The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Financial assets. The interest rate risk of the portfolio of financial assets at the reporting date was as follows:

	2023			2022		
	Within 1 year £'000	More than 1 year £'000	Total £'000	Within 1 year £'000	More than 1 year £'000	Total £'000
Exposure to fixed interest rates						
Fixed interest investments	3,677	25,942	29,619	4,633	27,514	32,147
Exposure to floating interest rates						
Loan investments ^A	-	2,279	2,279	-	15,662	15,662
Cash and cash equivalents	21,025	-	21,025	7,179	-	7,179
	24,702	28,221	52,923	11,812	43,176	54,988

^A Variable distributions received from investment holdings, which have an underlying portfolio of fixed interest securities.

Financial liabilities. The Company has borrowings by way of a bond issue, held at amortised cost of £15,730,000 (2022 – £15,694,000) details of which are in note 14 on page 94. The fair value of this loan has been calculated at £16,069,000 as at 30 September 2023 (2022 – £16,222,000).

Interest rate sensitivity. A sensitivity analysis demonstrates the sensitivity of the Company's results for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the return/(loss) attributable to equity shareholders for the year is the effect of the assumed change in interest rates on:

- the net interest income for the year, based on the floating rate financial assets held at the Statement of Financial Position date; and
- changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the Statement of Financial Position date.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net interest for the year ended 30 September 2023 would increase/decrease by £105,000 (2022 – increase/decrease £36,000). This is attributable to the Company's exposure to interest rates on its floating rate cash balances at 30 September 2023.

The capital return would decrease/increase by £2,236,000 (2022 – increase/decrease by £4,384,000) using VaR ("Value at Risk") analysis based on 100 observations of monthly VaR computations of fixed interest portfolio positions at each year end.

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

Management of the risk. The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. The Company has entered into derivative transactions, in the form of forward foreign currency contracts, to ensure that exposure to foreign denominated investments and cashflows is appropriately hedged.

Foreign currency risk exposure by currency of denomination excluding other debtors and receivables and other payables falling due within one year:

	30 September 2023			30 September 2022		
	Investment s £'000	Net monetary items £'000	Total currency exposure £'000	Investments £'000	Net monetary items £'000	Total currency exposure £'000
US Dollar	117,117	(3,089)	114,028	150,252	(3,124)	147,128
Euro	53,472	(459)	53,013	52,268	(702)	51,566
Other	41,008	(596)	40,412	49,275	1,010	50,285
	211,597	(4,144)	207,453	251,795	(2,816)	248,979

Foreign currency sensitivity. The following table details the impact on the Company's net assets to a 20% decrease (in the context of a 20% increase the figures below should all be read as negative) in sterling against the foreign currencies in which the Company has exposure. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. This sensitivity excludes forward foreign currency contracts entered into for hedging short term cash flows.

	2023 £'000	2022 £'000
US Dollar	22,806	29,426
Euro	10,603	10,313
Other	8,082	10,057
	41,491	49,796

Notes to the Financial Statements

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Forward foreign currency contracts. The following forward foreign currency contracts were outstanding at the Statement of Financial Position date:

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss)
						30 September 2023 £'000
31 August 2023	JPY	GBP	7 December 2023	4,920	180.2114	53
11 September 2023	USD	GBP	7 December 2023	837	1.2211	21
15 September 2023	USD	GBP	7 December 2023	617	1.2211	12
25 September 2023	GBP	CAD	7 December 2023	528	1.6492	1
25 September 2023	GBP	EUR	7 December 2023	205	1.1498	-
						87
31 August 2023	CHF	GBP	7 December 2023	1,895	1.1088	(1)
31 August 2023	GBP	AUD	7 December 2023	11,285	1.8876	(383)
31 August 2023	GBP	CAD	7 December 2023	8,270	1.6492	(332)
31 August 2023	GBP	EUR	7 December 2023	56,882	1.1498	(549)
31 August 2023	GBP	NOK	7 December 2023	5,222	12.9686	(193)
31 August 2023	GBP	NZD	7 December 2023	5,462	2.0322	(254)
31 August 2023	GBP	SEK	7 December 2023	5,463	13.2251	(213)
31 August 2023	GBP	USD	7 December 2023	97,334	1.2211	(3,733)
31 August 2023	GBP	USD	7 December 2023	284	1.2211	(11)
1 September 2023	GBP	USD	7 December 2023	389	1.2211	(15)
13 September 2023	GBP	CAD	7 December 2023	180	1.6492	(4)
13 September 2023	GBP	EUR	7 December 2023	225	1.1498	(1)
19 September 2023	GBP	USD	7 December 2023	945	1.2211	(13)
						(5,702)

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 30 September 2022 £'000
1 September 2022	GBP	AUD	7 December 2022	13,528	1.7359	324
1 September 2022	GBP	CAD	7 December 2022	6,596	1.5350	41
1 September 2022	GBP	NOK	7 December 2022	6,060	12.1588	292
1 September 2022	GBP	NZD	7 December 2022	6,123	1.9745	239
1 September 2022	USD	GBP	7 December 2022	222	1.1173	8
12 September 2022	EUR	GBP	7 December 2022	1,205	1.1349	9
15 September 2022	USD	GBP	7 December 2022	259	1.1173	8
29 September 2022	GBP	USD	7 December 2022	3,445	1.1173	63
						984
1 September 2022	GBP	EUR	7 December 2022	65,989	1.1349	(943)
1 September 2022	GBP	SEK	7 December 2022	6,055	12.3520	(15)
1 September 2022	GBP	USD	7 December 2022	130,780	1.1173	(4,886)
1 September 2022	JPY	GBP	7 December 2022	2,277	160.5538	(7)
7 September 2022	GBP	USD	7 December 2022	1,466	1.1173	(39)
9 September 2022	GBP	USD	7 December 2022	199	1.1173	(8)
22 September 2022	GBP	USD	7 December 2022	251	1.1173	(2)
22 September 2022	GBP	USD	7 December 2022	423	1.1173	(6)
						(5,906)

Other price risk. Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of 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 sector. The allocation of assets to international markets and the stock selection process, as detailed on pages 11 and 12, 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.

Other price risk sensitivity. If market prices at the reporting date had been 10% higher or lower on investments held at fair value while all other variables remained constant, the return attributable to Ordinary shareholders and equity for the year ended 30 September 2023 would have increased/decreased by £30,807,000 (2022 – £32,592,000).

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

	Within 1 year £'000	Within 1-3 years £'000	Within 3-5 years £'000	More than 5 years £'000	Total £'000
6.25% Bonds 2031	-	-	-	16,096	16,096
Interest cash flows on 6.25% Bonds 2031	1,006	2,012	2,012	3,018	8,048
	1,006	2,012	2,012	19,114	24,144

Management of the risk. The Company's assets comprise sufficient readily realisable securities which can be sold to meet funding commitments if necessary.

Credit risk. This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial 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 and geographic markets 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 daily review of failed trade reports. In addition, both stock and cash reconciliations to the custodian's records are performed daily to ensure discrepancies are investigated in a timely manner. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its findings to the Manager's Risk Management Committee; and
- 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 maximum exposure to credit risk at 30 September 2023 and 30 September 2022 was as follows:

	2023		2022	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Securities at fair value through profit or loss	339,972	31,898	373,732	47,809
Current assets				
Amounts due from brokers	62	62	1,806	1,806
Accrued income	779	779	853	853
Derivatives	87	87	984	984
Cash and short term deposits	21,025	21,025	7,179	7,179
	361,925	53,851	384,554	58,631

None of the Company's financial assets are secured by collateral or other credit enhancements and none of the Company's financial assets are past due or impaired (2022 – £nil).

Credit ratings. The following table provides a credit rating profile using Standard and Poor's credit rating for the bond portfolio at 30 September 2023 and 30 September 2022.

	2023 £'000	2022 £'000
A	415	792
A-	-	159
AAA	312	-
BB	3,278	4,285
BB-	2,347	2,264
BBB+	6,084	4,324
BBB	-	760
BBB-	2,113	1,299
Non-rated	17,349	33,926
	31,898	47,809

Whilst a substantial proportion of the fixed interest portfolio does not have a rating provided by a recognised credit ratings agency, the Manager undertakes an ongoing review of their suitability for inclusion within the portfolio.

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19. 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 levels:

Level 1: inputs are quoted prices (unadjusted) in active markets 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 for the assets or liabilities, either directly (ie as prices) or indirectly (ie derived from prices).

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to 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:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 September 2023				
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	90,332	19,292	198,450	308,074
Loan investments	-	2,279	-	2,279
Fixed interest instruments	-	29,619	-	29,619
Forward currency contracts – financial assets	-	87	-	87
Forward currency contracts – financial liabilities	-	(5,702)	-	(5,702)
Net fair value	90,332	45,575	198,450	334,357

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
As at 30 September 2022				
Financial assets/(liabilities) at fair value through profit or loss				
Equity investments	91,349	25,509	209,065	325,923
Loan investments	-	15,662	-	15,662
Fixed interest instruments	-	32,147	-	32,147
Forward currency contracts – financial assets	-	984	-	984
Forward currency contracts – financial liabilities	-	(5,906)	-	(5,906)
Net fair value	91,349	68,396	209,065	368,810

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Level 3 Financial assets at fair value through profit or loss		
Opening fair value	209,065	172,108
Purchases including calls (at cost)	26,083	24,445
Disposals and return of capital	(26,368)	(20,803)
Transfers from level 1	-	70
Transfers from level 2	-	2,853
Total gains or losses included in losses on investments in the Statement of Comprehensive Income:		
- assets disposed of during the year	8,253	535
- assets held at the end of the year	(18,583)	29,857
Closing balance	198,450	209,065

The fair value of Level 3 financial assets has been determined by reference to primary valuation techniques described in note 2(e) of these financial statements and included within other price sensitivity within note 18. The Level 3 equity investments comprise the following:

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	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Aberdeen European Residential Opportunities Fund	7,524	9,769
Aberdeen Global Infrastructure Partners II (AUD)	4,541	6,840
Aberdeen Global Infrastructure Partners II (USD)	-	17,755
Aberdeen Property Secondaries Partners II	9,385	9,851
Aberdeen Standard Global Private Markets Fund	19,934	19,122
Aberdeen Standard Secondary Opportunities Fund IV	12,940	9,385
Agriculture Capital Management Fund II	-	4,258
Andean Social Infrastructure Fund I	15,016	12,691
ASI HARK III	6,042	4,088
BlackRock Renewable Income – UK	8,199	8,523
Bonaccord Capital Partners I-A	16,091	15,255
Burford Opportunity Fund	17,272	17,520
Cheyne Social Property Impact Fund	3,299	4,813
Dover Street VII	20	70
HarbourVest International Private Equity V	7	6
HarbourVest International Private Equity VI	1,678	2,100
HarbourVest VIII Buyout Fund	160	260
HarbourVest VIII Venture Fund	123	178
Healthcare Royalty Partners IV	16,235	13,522
Maj Invest Equity 4	1,205	1,335
Maj Invest Equity 5	2,432	2,492
Markel CATCo Reinsurance Fund Ltd – LDAF 2018 SPI	333	298
Markel CATCo Reinsurance Fund Ltd – LDAF 2019 SPI	81	281
Mesirow Financial Private Equity III	117	228
Mesirow Financial Private Equity IV	599	882
Mount Row Credit Fund II	10,166	7,494
Pan European Infrastructure Fund	1,205	1,697
PIMCO Private Income Fund Offshore Feeder I LP	7,662	8,796
SL Capital Infrastructure II	27,419	19,581
TrueNoord Co-Investment	8,765	9,976
	198,450	209,065

During the year to 30 September 2022, the Company reviewed its exposure to holdings in Russia in light of the war in Ukraine and decided to initially write down the fair value of holdings to £nil and subsequently value on the basis of net realisable sales proceeds. The consequence of this is noted in transfer from Level 1 and Level 2 in the above table. There were no transfers between levels for financial assets and financial liabilities during the year ended 30 September 2023.

For all other assets and liabilities (i.e. those not included in the hierarchy table) carrying value approximates to fair value with the exception of the 6.25% Bonds 2031. The basis of their fair value is detailed in note 14 on page 94.

20. Related party transactions and transactions with the Manager

Related party transactions – Directors’ fees and interests. Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors’ Remuneration Report on pages 57 to 60. The balance of fees due to Directors at the year end was £15,000 (2022 – £13,000).

Transactions with the Manager. The Company has an agreement with aFML for the provision of management services. The investment management fee is levied by aFML at the following tiered levels, payable monthly in arrears:

- 0.50% per annum in respect of the first £300 million of the net asset value (with debt at fair value); and
- 0.45% per annum in respect of the balance of the net asset value (with debt at fair value).

Details of transactions during the year and balances outstanding at the year end are disclosed in note 4 on page 85.

In accordance with the investment management agreement, where applicable, an amount equivalent to the management fee received by the Manager on the underlying holding which is managed by the Group in the normal course of business, is either removed from or offset against the management fee payable by the Company to ensure that no double counting occurs. Any investments made in funds managed by the Group which themselves invest directly into alternative investments including, but not limited to, infrastructure and property will be charged at the Group’s lowest institutional fee rate. To avoid double charging, such investments will be excluded from the overall management fee calculation.

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The following table details all investments held at 30 September 2023 that were managed by the Group. For the period to 30 September 2023 no fees were levied in respect of these funds.

	30 September 2023 £'000
Aberdeen Standard SICAV I China A Shs Eqty Fund Z Acc USD ^A	6,551
Aberdeen Standard Alpha – Global Loans Fund ^A	2,279
SL Capital Infrastructure II ^B	27,419
Aberdeen Standard Global Private Markets Fund ^B	19,934
Andean Social Infrastructure Fund I ^B	15,016
Aberdeen European Residential Opportunities Fund ^B	7,524
Aberdeen Global Infrastructure Partners II (AUD) ^B	4,541
Aberdeen Standard Secondary Opportunities Fund IV ^C	12,940
Aberdeen Property Secondaries Partners II ^C	9,385
	96,759

^A The Company is invested in a share class which is not subject to a management charge from the Group.

^B The value of this holding is removed from the management fee calculation to ensure that no double counting occurs.

^C An amount equivalent to the management fee received by the Manager on the underlying is offset against the management fee payable by the Company to ensure that no double counting occurs.

The Company also has an agreement with aFML for the provision of secretarial, accounting and administration services and promotional activities. Details of transactions during the year and balances outstanding at the year end are disclosed in note 5 on page 86.

21. Capital management policies and procedures

The current investment objective of the Company is to seek to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio.

The capital of the Company consists of debt (comprising Bonds) 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 (net gearing at the reporting period end in the Financial Highlights and the calculation basis is set out in the Alternative Performance Measures);
- the level of equity shares in issue; and
- the revenue account, shareholder distributions and the extent to which the balance is either accretive or dilutive of the revenue reserves.

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

At the year end a covenant relating to the issue of the Bonds provides that the Company is to ensure that, at all times, the aggregate principal amount outstanding in respect of monies borrowed by the Company does not exceed an amount equal to its share capital and reserves. This covenant was met during the year and also during the period from the year end to the date of this report. The Company is not subject to any other externally imposed capital requirements.

22. Analysis of changes in net debt

	At 1 October 2022 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 September 2023 £'000
Cash and cash equivalents	7,179	-	13,846	-	21,025
Debt due after one year	(15,694)	-	-	(36)	(15,730)
Total	(8,515)	-	13,846	(36)	5,295

	At 1 October 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 30 September 2022 £'000
Cash and cash equivalents	7,201	-	(22)	-	7,179
Debt due after one year	(15,664)	-	-	(30)	(15,694)
Total	(8,463)	-	(22)	(30)	(8,515)

* The amount of £4,922,000 representing forward contracts has been removed from the prior year comparative to be consistent with current year's presentation due to forward contracts not meeting the Company's definition of "Net debt"

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23. Commitments and contingent liabilities

At 30 September 2023 the Company had commitments of £293,935,000 of which £43,282,000 remained outstanding (2022 – £74,420,000). Further details are given below. There were no contingent liabilities as at 30 September 2023 (2022 – £nil).

	Undrawn commitments 30 September 2023 £'000
Aberdeen Standard Secondary Opportunities Fund IV	11,775
Aberdeen Global Infrastructure Partners II (AUD)	6,233
Burford Opportunity Fund	5,445
Andean Social Infrastructure Fund I	4,793
Bonaccord Capital Partners I-A	4,522
SL Capital Infrastructure II	2,798
ASI Hark III	2,517
Healthcare Royalty Partners IV	1,324
Aberdeen European Residential Opportunities Fund	1,201
Aberdeen Property Secondaries Partners II	1,183
Maj Invest Equity 4	364
Pan European Infrastructure Fund	278
Maj Invest Equity 5	211
Dover Street VII	181
HarbourVest International Private Equity VI	154
Mesirow Financial Private Equity IV	143
HarbourVest VIII Buyout Fund	71
Mesirow Financial Private Equity III	52
HarbourVest International Private Equity V	29
HarbourVest VIII Venture Fund	8
	43,282

	Undrawn commitments 30 September 2022 £'000
Aberdeen Standard Secondary Opportunities Fund IV	17,134
SL Capital Infrastructure II	10,374
Andean Social Infrastructure Fund I	8,880
Healthcare Royalty Partners IV	7,703
Burford Opportunity Fund	7,211
Aberdeen Global Infrastructure Partners II (AUD)	6,789
ASI Hark III	6,416
Bonaccord Capital Partners I-A	5,341
Aberdeen Property Secondaries Partners II	1,292
Aberdeen European Residential Opportunities Fund	1,215
Maj Invest Equity 4	374
Agriculture Capital Management Fund II	361
Maj Invest Equity 5	340
Pan European Infrastructure Fund	282
Dover Street VII	198
Mesirow Financial Private Equity IV	179
HarbourVest International Private Equity VI	156
HarbourVest VIII Buyout Fund	78
Mesirow Financial Private Equity III	56
HarbourVest International Private Equity V	29
HarbourVest VIII Venture Fund	9
Aberdeen Global Infrastructure Partners II (USD)	3
	74,420

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24. Subsequent events

On 20 June 2023, the Company announced that it had commenced a strategic review to consider how it could seek to address the material discount to NAV at which the Company's shares had traded and to consider how best to deliver value to shareholders

On 26 October 2023, the Company announced that, following consideration of the options available to the Company, including asset sales and discussions with third parties, the Board had determined that it was in the best interests of its shareholders to continue the Company's existing investment strategy and to return optimal value by means of enhanced distributions, comprising realised gains and surplus available cash, through a combination of special dividends and a tender offer (the "Enhanced Distribution Programme"). The Enhanced Distribution Programme had been expected to return between £30 million and £35 million to shareholders by the end of 2024 and further enhanced returns of value, including special dividends, were envisaged during 2025 and 2026 as a substantial part of the Company's private markets portfolio matured. The Company added that it remained committed to offering shareholders an attractive and differentiated investment proposition characterised by a genuinely diversified portfolio which provided access to a wide selection of asset classes, an attractive level of dependable income and defensive characteristics relative to the volatility of equity markets.

On 15 December 2023, the Company announced that further discussions with shareholders had been undertaken. In the light of the feedback received during these conversations and the entrenched discount to net asset value ("NAV") at which the Company's shares continued to trade, the Board concluded that it was in the best interests of shareholders as a whole to put forward proposals for a managed wind-down of the Company (the "Managed Wind-Down"). Further information on the Managed Wind-Down may be found in the Chairman's Statement, on page 8, and additional detail will follow in a separate circular to shareholders to be issued as soon as practicable.

25. Prior year restatement

The Statement of Financial Position and the Statement of Changes in Equity for the year ended 30 September 2022 have been restated to reflect a transfer of £6,914,000 from called up share capital to the capital redemption reserve following the cancellation of 27,659,068 Ordinary shares of 25p from treasury on 31 March 2021. As a result opening share capital at 1 October 2022 and closing share capital at 30 September 2022 has decreased by £6,914,000 to £84,438,000 and opening capital redemption reserve at 1 October 2022 and closing capital redemption reserve at 30 September 2022 has increased by £6,914,000 to £33,543,000. These changes have no impact on the financial position of the Company.

Corporate Information



Investor Information

Investors may receive information about the Company via email by registering at the foot of the homepage of the website:

abrndiversified.co.uk

The website also includes current and historic Annual and Half-Yearly Reports, performance data, the latest monthly factsheet issued by the Manager together with links to the Company's share price and recent London Stock Exchange announcements.

If you have any general questions about the Company, the Manager or performance, please send an email to trusts@abrnd.com or write to:

abrnd Diversified Income and Growth plc
1 George Street
Edinburgh EH2 2LL

Information about the Company, and other investment companies managed by the Manager, may also be found on social media, as follows:

Twitter: [@abrndTrusts](https://twitter.com/abrndTrusts)

LinkedIn: [abrnd Investment Trusts](https://www.linkedin.com/company/abrnd-investment-trusts)

Alternative Investment Fund Managers Directive ("AIFMD") and Pre-Investment Disclosure Document ("PIDD")

The Company has appointed the Manager as its alternative investment fund manager and The Bank of New York Mellon (International) Limited as its depositary under the AIFMD.

The AIFMD requires the Manager, as the Company's alternative investment fund manager, to make available to investors certain information prior to such investors' investment in the Company. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD which can be found on its website: abrndiversified.co.uk

The periodic disclosures required to be made by the Manager under the AIFMD are set out on page 119.

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

The Company has been made aware by abrnd that some investors have received telephone calls from people purporting to work for abrnd, 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 abrnd and any third party making such offers has no link with abrnd. abrnd 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 abrnd's investor services centre using the details provided below.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: 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 (see page 130 for contact details). Changes of address must be notified to the Registrar in writing.

Suitable for Retail/NMPI Status

The Company's Ordinary shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors seeking income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio and who understand and are willing to accept the risks of exposure to investing via a flexible multi-asset approach. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, in order that its shares can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments.

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

Key Information Document ("KID")

The KID relating to the Company can be found under 'Key Documents' in the 'Literature' section of the Company's website.

How to Invest in the Company and other abrdn-managed investment trusts

A range of leading investment platforms and share dealing services let you buy and sell abrdn-managed investment trusts including the shares of the Company.

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).

Closure of the abrdn Investment Trust Savings Plans and transfer to interactive investor

In June 2023, abrdn notified existing investors in the abrdn Investment Trust ISA, Share Plan and Investment Plan for Children (the "Plans") that these would close on 8 December 2023.

All investors with a holding or cash balance in the Plans at that date will transfer to interactive investor ("ii"). ii communicated with planholders in late November 2023 to set up account security to ensure that investors can continue to access their holdings via ii as the Plans close.

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 ii website at www.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.

Investor Information

Continued

Platform providers

Platforms featuring the Company, as well as other abrdn-managed investment trusts, include:

- AJ Bell:
www.ajbell.co.uk/markets/investment-trusts
- Barclays Smart Investor:
www.barclays.co.uk/smart-investor
- Charles Stanley Direct:
www.charles-stanley-direct.co.uk
- Fidelity: www.fidelity.co.uk
- Halifax: www.halifax.co.uk/investing
- Hargreaves Lansdown:
www.hl.co.uk/shares/investment-trusts
- interactive investor (owned by abrdn):
www.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, apart from interactive investor, which is owned by abrdn.

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.

Financial Advisers

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

Regulation of Stockbrokers

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

Tel: **0800 111 6768** or at
at <https://register.fca.org.uk>
Email: consumerqueries@fca.org.uk

Note

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

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

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

The information on pages 114 to 116 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 Investments Limited which is authorised and regulated by the Financial Conduct Authority.

Glossary of Terms

abrdrn or the Group

A company listed on the London Stock Exchange as abrdrn plc.

AIC

The Association of Investment Companies.

AIFMD

The Alternative Investment Fund Managers Directive – the AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds'. 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.

Alternative Performance Measure or APM

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.

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.

FCA

Financial Conduct Authority.

Gearing

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

Investment Manager

abrdrn Investments Limited (formerly Aberdeen Asset Managers Limited, until 25 November 2022) is a wholly owned subsidiary of abrdrn plc and acts as the Company's investment manager. It is authorised and regulated by the FCA.

Investment Trust

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

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.

Manager

abrdrn Fund Managers Limited is a wholly owned subsidiary of abrdrn plc and acts as the alternative investment fund manager for the Company. It is authorised and regulated by the FCA.

Net Asset Value or NAV

The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The Net Asset Value divided by the number of shares in issue produces the Net Asset Value per share.

Glossary of Terms

Continued

Ongoing Charges

Ratio of expenses as a percentage of average daily shareholders' funds calculated as per the AIC's industry standard method. This includes the Company's share of costs of holdings in investment companies on a look-through basis.

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 Ratio

The ratio is calculated by dividing the 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, 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 the dividend was earned.

AIFMD Disclosures (Unaudited)

The Manager and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website.

There have been no material changes to the disclosures contained within the PIDD since its most recent update in December 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, 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 the Manager; and
- all authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the AIFMD Remuneration Code, the AIFM's remuneration policy in respect of its reporting period ended 31 December 2022 is available on the website of abrdn plc at www.abrdn.com/en-gb/corporate/about-us/our-leadership-team/remuneration-disclosure or on request from the Company Secretaries, abrdn Holdings Limited (see page 130 for contact details).

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	3.50:1	2.50:1
Actual level at 30 September 2023	1.64:1	1.70:1

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 have been no changes to the circumstances in which the Company may be required to post assets as collateral and no 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 ASFML 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.

Alternative Performance Measures (Unaudited)

Alternative Performance Measures ("APMs") 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.

Net asset value per Ordinary share – debt at fair value

The net asset value per Ordinary share with debt at fair value is calculated as follows:

	As at 30 September 2023 £'000	As at 30 September 2022 £'000
Net asset value attributable	339,534	363,358
Add: Amortised cost of 6.25% Bonds 2031	15,730	15,694
Less: Market value of 6.25% Bonds 2031	(16,069)	(16,222)
	339,195	362,830
Number of Ordinary shares in issue excluding treasury shares	301,265,952	308,447,314
Net asset value per share (p)	112.59	117.63

Discount to net asset value per Ordinary share – debt at fair value

The discount is the amount by which the Ordinary share price is lower than the net asset value per Ordinary share – debt at fair value, expressed as a percentage of the net asset value – debt at fair value. The Board considers this to be the most appropriate measure of the Company's discount.

		30 September 2023	30 September 2022
Net asset value per Ordinary share (p)	a	112.59	117.63
Share price (p)	b	83.60	89.80
Discount	(a-b)/a	25.7%	23.7%

Dividend cover

Revenue return per Ordinary share divided by dividends declared for the year per Ordinary share expressed as a ratio.

		30 September 2023	30 September 2022
Revenue return per Ordinary share (p)	a	4.35	4.99
Dividends declared (p)	b	7.33	5.60
Dividend cover	a/b	0.59	0.89

Dividend yield

The annual dividend per Ordinary share divided by the share price, expressed as a percentage.

		30 September 2023	30 September 2022
Dividend per Ordinary share (p)	a	7.33	5.60
Closing share price (p)	b	83.60	89.80
Dividend yield	a/b	8.8%	6.2%

Net (cash)/gearing – debt at par value

Net (cash)/gearing with debt at par value measures the 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, in addition to cash and short term deposits.

		30 September 2023	30 September 2022
Borrowings (£'000)	a	15,730	15,694
Cash (£'000)	b	21,025	7,179
Amounts due to brokers (£'000)	c	-	-
Amounts due from brokers (£'000)	d	62	1,806
Shareholders' funds (£'000)	e	339,534	363,358
Net (cash)/gearing	$(a-b+c-d)/e$	-1.6%	1.8%

Net (cash)/gearing – debt at fair value

Net gearing with debt at fair value measures the 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 year end, in addition to cash and short term deposits per the Statement of Financial Position.

		30 September 2023	30 September 2022
Borrowings (£'000)	a	16,069	16,222
Cash (£'000)	b	21,025	7,179
Amounts due to brokers (£'000)	c	-	-
Amounts due from brokers (£'000)	d	62	1,806
Shareholders' funds (£'000)	e	339,195	362,830
Net (cash)/gearing	$(a-b+c-d)/e$	-1.5%	2.0%

Alternative Performance Measures (Unaudited)

Continued

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average daily net asset values with debt at fair value published throughout the year.

	2023 £	2022 £
Investment management fees	1,126,000	1,293,000
Administrative expenses	1,184,000	930,000
Less: non-recurring charges ^A	(31,000)	(37,000)
Ongoing charges	2,279,000	2,186,000
Average net assets with debt at fair value	351,878,000	371,257,000
Ongoing charges ratio (excluding look-through costs)	0.65%	0.59%
Look-through costs^B	1.09%	0.82%
Ongoing charges ratio (including look-through costs)	1.74%	1.41%

^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 financing and transaction costs. This can be found within the literature library section of the Company's website:

abrndiversified.co.uk.

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. NAV and share price total returns are monitored against open-ended and closed-ended competitors, and the Reference Index, respectively.

Year ended 30 September 2023		NAV (debt at par)	NAV (debt at fair value)	Share Price
Opening at 1 October 2022	a	117.8p	117.6p	89.8p
Closing at 30 September 2023	b	112.7p	112.6p	83.6p
Price movements	$c=(b/a)-1$	-4.3%	-4.3%	-6.9%
Dividend reinvestment ^A	d	4.7%	4.7%	6.2%
Total return	c+d	+0.4%	+0.4%	-0.7%

Year ended 30 September 2022		NAV (debt at par)	NAV (debt at fair value)	Share Price
Opening at 1 October 2021	a	123.5p	121.7p	100.0p
Closing at 30 September 2022	b	117.8p	117.6p	89.8p
Price movements	$c=(b/a)-1$	-4.6%	-3.4%	-10.2%
Dividend reinvestment ^A	d	4.4%	4.6%	5.2%
Total return	c+d	-0.2%	+1.2%	-5.0%

^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.

General



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of abrdrn Diversified Income and Growth plc (the "Company") will be held at 9.30am on 27 February 2024 at Wallacespace, 15 Artillery Lane, London E1 7HA, for the following purposes:

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the Directors' Report, the Auditor's Report and the audited financial statements for the year ended 30 September 2023.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 30 September 2023.
3. To approve the Company's dividend policy to continue to pay four quarterly interim dividends per year.
4. To re-elect Alistair Mackintosh as a Director of the Company.*
5. To re-elect Trevor Bradley as a Director of the Company.*
6. To re-elect Tom Challenor as a Director of the Company.*
7. To re-elect Davina Walter as a Director of the Company.*
8. To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office from the conclusion of the Annual General Meeting of the Company until the conclusion of the next general meeting at which financial statements and reports are laid before the Company.
9. To authorise the Directors to fix the remuneration of the auditor.

Continuation of the Company

10. To approve the continuation of the Company.

Authority to Allot

11. That the Directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") 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 up to an aggregate nominal amount of £7,531,648 (representing 10% of the total Ordinary share capital of the Company in issue as at the date of notice, excluding treasury shares, or, if less, the number representing 10% of the issued Ordinary share capital of the Company, excluding treasury shares, as of the date of the passing of this resolution) during the period expiring on the date of the next annual general meeting of the Company or on 31 March 2025, whichever is the earlier, but so that this authority, unless previously revoked, varied or renewed, shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted after such expiry and the Directors may allot shares and grant rights in pursuance of such an offer or agreement as if such authority had not expired.

To consider and, if thought fit, pass the following resolutions as special resolutions:

Disapplication of Pre-emption Rights

12. That the Directors be and they are hereby empowered, pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority given in accordance with section 551 of the Act by resolution number 11 above as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - a. during the period expiring on the date of the next annual general meeting of the Company or on 31 March 2025, whichever is earlier, but so that this power shall, unless previously revoked, varied or renewed, enable the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

Notice of Annual General Meeting

Continued

- b. up to an aggregate nominal amount of £7,531,648 representing 10% of the total Ordinary share capital of the Company in issue, excluding treasury shares, as at the date of this notice, or, if less, the number representing 10% of the issued Ordinary share capital of the Company, excluding treasury shares, as of the date of the passing of this resolution); and
- c. at a price greater than the net asset value per share from time to time (as determined by the Directors and calculated excluding treasury shares).

This power applies to a sale of treasury shares which is an allotment of equity securities by virtue of section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority given in accordance with section 551 of the Act by resolution number 11 above" were omitted.

Authority to Make Market Purchases of Shares

13. That the Company be generally and, subject as hereinafter appears, 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 on such terms and in such manner as the Directors from time to time determine, and to cancel or hold in treasury such shares, provided always that:

- a. the maximum number of shares hereby authorised to be purchased shall be an aggregate of 45,159,766 Ordinary shares or, if less, the number representing 14.99% of the Ordinary shares in issue (excluding shares already held in treasury) as at the date of the passing of this resolution;
- b. the minimum price which may be paid for a share shall be 25 pence;
- c. the maximum price (exclusive of expenses) which may be paid for a share shall be the higher of (a) an amount equal to 105% of the average of the middle market quotations for a share taken from, and calculated by reference to, the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the share is purchased; and (b) the higher of the price of the last independent trade and the highest current independent bid at the time the purchase is carried out;
- d. the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 31 March 2025, whichever is earlier, unless such authority is previously revoked, varied or renewed prior to such time; and
- e. the Company may make a contract or contracts to purchase shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of shares pursuant to any such contract or contracts notwithstanding such expiry above.

Authority to Call General Meetings on not less than 14 Clear Days' Notice

14. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

Cancellation of Share Premium Account

15. That, subject to the confirmation of the Court of Session (the "Court"), the share capital of the Company be reduced by cancelling the entire amount standing to the credit of the Company's share premium account as at the date of the final hearing before the Court at which confirmation of the said cancellation is sought.

*The biographies of the Directors offering themselves for re-election may be found on pages 46 and 47.

By order of the Board
abrdrn Holdings Limited
Company Secretary
9 January 2024

Registered Office
1 George Street
Edinburgh EH2 2LL

Notes

- (1) Only those Shareholders registered in the Register at close of business on 23 February 2024 shall be entitled to attend and/or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time (the "specified time"). If the Annual General Meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original Meeting, that time will also apply for the purpose of determining the entitlement of shareholders to attend and/or vote at the adjourned meeting. If the Annual General Meeting is adjourned for a longer period, the time by which a person must be entered on the Register in order to have the right to attend and/or vote at the adjourned meeting is close of business two days (excluding non-working days) prior to the time of the adjourned meeting. Changes to entries on the Register after the relevant deadline shall be disregarded in determining the rights of any person to attend and/or vote at the Annual General Meeting.
- (2) Holders of Ordinary shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. If you wish to attend, there will be a members' register to sign on arrival.
- (3) As at 9 January 2024 (being the latest practicable day prior to the date of approval of this Report) the Company's issued share capital consisted of 301,265,952 Ordinary shares with voting rights and 22,485,854 Ordinary shares in treasury. Each Ordinary share carries the right to one vote at general meetings. Therefore the total voting rights in the Company at 9 January 2024 were 301,265,952.
- (4) A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her, provided that if two or more proxies are appointed, each proxy must be appointed to exercise the rights attaching to different shares. A Form of Proxy is enclosed with this Notice. A proxy need not be a Shareholder of the Company. Completion and return of the Form of Proxy will not preclude Shareholders from attending or voting at the Annual General Meeting, if they so wish. Details of how to appoint the Chairman of the Annual General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to the proxy. In the event that a Form of Proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes.
- (5) To be valid, the Form of Proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power or authority) must be deposited with the Company's Registrar, for this purpose being Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible, but in any event not later than 48 hours (excluding non-working days) before the time fixed for the Annual General Meeting. If you have any queries relating to the completion of the Form of Proxy, please contact Computershare Investor Services on 0330 303 1184 (lines are open 8.30am to 5.30 p.m. Monday to Friday, excluding public holidays). Computershare Investor Services PLC cannot provide advice on the merits of the business to be considered nor give any financial, legal or tax advice. Alternatively, if the Shareholder holds his or her shares in uncertificated form (i.e. in CREST) they may vote using the CREST System (see note (11) below).
- (6) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office or the address specified in note 5 above before the commencement of the Annual General Meeting or adjourned meeting at which the proxy is used.

Notice of Annual General Meeting

Continued

- (7) Where there are joint holders of any share, any one of such persons may vote at any Meeting, and if more than one of such persons is present at any meeting personally or by proxy, the vote of the senior holder who tenders the vote shall be accepted to the exclusion of the votes of other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the Register.
- (8) Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the Shareholder who nominated the Nominated Person to enjoy information rights (or, perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that Shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interests in the Company (including any administrative matter). The statement of the rights of Shareholders in relation to the appointment of proxies in notes (4) to (7) does not apply to Nominated Persons. The rights described in these notes can only be exercised by Shareholders of the Company.
- (9) Any corporation which is a Shareholder may authorise such person as it thinks fit to act as its representative at the Annual General Meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Shareholder (provided, in the case of multiple corporate representatives of the same corporate Shareholder, they are appointed in respect of different shares owned by the corporate Shareholder or, if they are appointed in respect of the same shares, they vote the shares in the same way). To be able to attend and vote at the Annual General Meeting, corporate representatives will be required to produce prior to their entry to the Annual General Meeting evidence satisfactory to the Company of their appointment.
- (10) To allow effective constitution of the Annual General Meeting, if it is apparent to the Chairman that no Shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.
- (11) Notes on CREST Voting. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear UK & Ireland ("Euroclear") website (euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
- In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent 3RA50 by 12.30 p.m. on 24 February 2023. 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 applications Host) from which the issuer's agent is able to retrieve the message.
 - CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. 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 CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.
 - The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's Registrar no later than 12.30 p.m. on 23 February 2024.
- (12) The attendance at the Annual General Meeting of Shareholders and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the Annual General Meeting.

- (13) Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Form of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Annual General Meeting. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (14) In accordance with Section 311A of the Companies Act 2006, the contents of this notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the Annual General Meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website, abrndiversified.co.uk.
- (15) Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a Shareholder attending the Annual General Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Annual General Meeting that the question be answered or if to do so would involve the disclosure of confidential information.
- (16) Shareholders should note that it is possible that, pursuant to requests made by Shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's financial statements (including the auditor's report and the conduct of the audit) that are to be laid out before the Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006, that the shareholders propose to raise at the Annual General Meeting. 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 Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, 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 Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on the website.
- (17) The "Vote Withheld" option on the Form of Proxy 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.
- (18) Physical attendance at the Annual General Meeting may not be possible. If the law, Government guidance or terms and conditions stipulated by the venue for the Annual General Meeting so requires at the time of the meeting, the Chairman will limit, in his or her sole discretion, the number of individuals in physical attendance at the meeting. Notwithstanding this, the Company may still impose entry restrictions on certain persons wishing to attend the meeting in order to ensure the health and safety of those attending. In such circumstances, physical attendance may be limited to two persons as the minimum number required to form a quorum.

The Company strongly encourages Shareholders to appoint the Chairman as their proxy to ensure their votes are registered. Instructions for submitting a proxy are contained in Notes (4) to (7) above.

Shareholders are also encouraged to submit any questions in advance of the Annual General Meeting by email to: diversified.income@abrnd.com

Contact Addresses

Directors

Davina Walter (Chairman)
Tom Challenor (Senior Independent Director and Audit Committee Chairman)
Trevor Bradley
Alistair Mackintosh
Anna Troup

Company Secretaries & Registered Office

abrDN Holdings Limited (formerly Aberdeen Asset Management PLC, until 25 November 2022)
1 George Street
Edinburgh EH2 2LL

Company Number

Registered in Scotland under Company Number SC003721

Website

abrdn Diversified.co.uk

Points of Contact

The Chairman or Company Secretaries at the Registered Office of the Company

Email: diversified.income@abrdn.com

Twitter: @abrdnTrusts

LinkedIn: abrdn Investment Trusts

abrDN Social Media accounts

X (formerly Twitter) @abrdnTrusts

LinkedIn: abrdn Investment Trusts

United States Internal Revenue Service FATCA Registration Number ("GIIN")

E3M4K6.99999.SL.826

Legal Entity Identifier Number ("LEI")

2138003QINEGCHYGW702

Alternative Investment Fund Manager

abrDN Fund Managers Limited
280 Bishopsgate
London EC2M 4AG

Authorised and regulated by the Financial Conduct Authority

Investment Manager

abrDN Investments Limited (formerly Aberdeen Asset Managers Limited, until 25 November 2022)
1 George Street
Edinburgh EH2 2LL

Authorised and regulated by the Financial Conduct Authority

Registrar (for direct shareholders)

Computershare Investor Services PLC operates a secure online website where shareholdings can be managed quickly and easily, including changing address or arranging to pay dividends directly into a bank account or receive electronic communications:

investorcentre.co.uk

Alternatively, please contact the registrar:

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

E-mail is available via the above website

Telephone: **0330 303 1184**

(UK calls cost 10p per minute plus network extras)

Lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays

Depository

The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

Independent Auditors

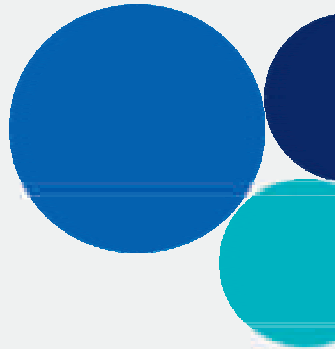
PricewaterhouseCoopers LLP

Solicitors

Dickson Minto W.S.

Stockbrokers

Stifel Nicolaus Europe Limited



For more information visit abrndiversified.co.uk

abrdn.com