

# The North American Income Trust plc

Half Yearly Report 31 July 2023

Seeking resilient growth and rising income from North American equities

[northamericanincome.co.uk](http://northamericanincome.co.uk)

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## Investment Objective and Purpose

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

## Reference Index

The Board reviews performance against relevant factors, including the Russell 1000 Value Index (in sterling terms) and the S&P 500 Index (in sterling terms) as well as peer group comparisons. The aim is to provide investors with above average dividend income from predominantly US equities which means that investment performance can diverge, possibly quite materially in either direction, from these indices.

# Performance Highlights

## Net asset value total return<sup>A</sup>

Six months ended 31 July 2023

**-3.2%**

Year ended 31 January 2023

+9.6%

## Share price total return<sup>A</sup>

Six months ended 31 July 2023

**-5.0%**

Year ended 31 January 2023

+12.4%

## Russell 1000 Value Index (in sterling terms) total return

Six months ended 31 July 2023

**-1.0%**

Year ended 31 January 2023

+8.5%

## Earnings per Ordinary share (revenue)

Six months ended 31 July 2023

**6.10p**

Six months ended 31 July 2022

6.10p

## Dividends per Ordinary Share

Six months ended 31 July 2023

**5.20p**

Six months ended 31 July 2022

5.00p

## Dividend yield<sup>A</sup>

As at 31 July 2023

**3.9%**

As at 31 January 2023

3.6%

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found on pages 28-30.

## Performance (Total return)

	6 months ended 31 July 2023 %	1 year ended 31 July 2023 %	3 years ended 31 July 2023 %	5 years ended 31 July 2023 %
Net asset value per Ordinary share <sup>A</sup>	-3.2	+1.5	+42.6	+29.7
Share price per Ordinary share <sup>A</sup>	-5.0	-1.7	+41.9	+25.5
Russell 1000 Value Index (in sterling terms)	-1.0	+2.4	+51.7	+49.9
S&P 500 Index (in sterling terms)	+8.6	+6.9	+50.0	+81.3

<sup>A</sup> Total return represents capital return plus dividends reinvested. Considered to be an Alternative Performance Measure. Further details can be found on page 30.  
Source: abrdn, Morningstar & Lipper.

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# Financial Calendar, Dividends and Highlights

Payment dates of quarterly dividends	<b>August 2023</b> <b>October 2023</b> <b>January 2024</b> <b>May 2024</b>
Financial year end	<b>31 January 2024</b>
Expected announcement of results for year ended 31 January 2024	<b>April 2024</b>
Annual General Meeting (Edinburgh)	<b>June 2024</b>

## Financial Highlights

	As at 31 July 2023	As at 31 January 2023	Capital return %
Net asset value per Ordinary share	317.8p	337.2p	-5.7
Share price per Ordinary share (mid)	282.0p	306.0p	-7.8
Discount to net asset value <sup>A</sup>	11.3%	9.3%	
Net gearing <sup>A</sup>	5.5%	2.9%	
Ongoing charges ratio <sup>A</sup>	1.00%	0.93%	

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found on pages 28-29.

	Six months to 31 July 2023	Six months to 31 July 2022	Change %
Revenue return per Ordinary share	6.10p	6.10p	-
Interim dividends	5.20p <sup>A</sup>	5.00p <sup>B</sup>	+4.0

<sup>A</sup> Includes a first interim dividend of 2.60p paid on 4 August 2023 and a second interim dividend of 2.60p payable on 27 October 2023.

<sup>B</sup> Includes a first interim dividend of 2.50p paid on 5 August 2022 and a second interim dividend of 2.50p paid on 28 October 2022.



"The Board is declaring a second quarterly dividend for the year to 31 January 2024 of 2.6 pence per share (2023- 2.5 pence), taking total dividends for the first half of the year to 5.2 pence per share (2022 – 5.0 pence)"

# Chair's Statement

## Overview

In the six months ended 31 July 2023, The North American Income Trust plc (the "Company") navigated high macroeconomic uncertainty amid monetary tightening, banking sector issues and fears of a looming recession. Against this backdrop, the Company's net asset value ("NAV") total return per share declined 3.2% in sterling terms compared with a 1.0% decline in the total return of its reference index, the Russell 1000 Value Index.

Meanwhile, the Company's share price total return fell 7.8% in sterling terms over the period, with the discount to NAV widening from 9.3% to 11.3%. Despite this, I am pleased to note that the Company continues to deliver a dividend yield that is almost double that of the reference index and among the highest dividend yields within its peer group. This highlights your Manager's focus on investing in high quality companies with a strong dividend track record. However, such a focus on income generation can sometimes be at the expense of capital growth in the portfolio. While the Company's revenue return per Ordinary share was unchanged at 6.10 pence over the six months to 31 July 2023, this reflects the increase in US dollar income being offset by 4.5% appreciation of sterling against the US dollar during the period.

Inflation, and the efforts of the Federal Reserve (the "Fed") to control it, was one of the key themes of the period. We have witnessed ten consecutive rate hikes which led to the target range of the Fed Funds rate reaching 5.25% -5.50% in July 2023. Despite the Fed's somewhat hawkish stance, your Manager expects limited further rate increases over the rest of the year. The other theme that affected markets was the collapse of Silicon Valley Bank and a small number of regional banks in March 2023, which acted as a brake on market sentiment. While these events raised the risk of a credit crunch and the possibility of a recession, investors were reassured by the regulators' timely actions to stabilise the financial sector.

During the period, the Company's equity portfolio generated £8.8 million in revenue, down 3.8% from £9.1 million in the same period in 2022. This decline was partly as a result of sterling strengthening to the US dollar, from \$1.23 to \$1.28 during the period, continuing a trend that began in October 2022. The Company maintained a low exposure to corporate bonds, which represented 2.2% of income in the period, slightly more than last year. Total income was less than 1% lower than for the same period last year. Meanwhile, the Company's revenue return per Ordinary share was unchanged at 6.10 pence, with the lower interest and tax charges offsetting most of the small decline in income.

## Dividend

The Board is declaring a second quarterly dividend for the year to 31 January 2024 of 2.6 pence per share (2023- 2.5 pence), taking total dividends for the first half of the year to 5.2 pence per share (2022 - 5.0 pence). The second quarterly dividend is payable on 27 October 2023 to shareholders on the register on 13 October 2023. It is expected that the third interim dividend, which will be paid in February 2024, will be 2.6 pence per share and the fourth interim dividend will continue to act as a balancing figure once the income for the full year has been determined.

## Management of Premium and Discount

The Company's share price fell 7.8% to 298.0 pence and ended the half year at an 11.3% discount to total NAV, compared with a 9.3% discount at the financial year end, 31 January 2023. Over the period, the Company's shares traded at discounts between around -8% and -12%, on a cumulative income basis. 197,574 Ordinary shares were bought back and cancelled at a weighted average price of 283.4 pence and a weighted average discount of 9.4%. The total cost was £565,000. Since 31 July 2023, the Company has bought back a further 659,338 Ordinary shares, at a weighted average discount of 11.8%.

## Gearing

The Board believes that sensible use of gearing should enhance returns to shareholders over the longer term. In December 2020, the Company entered into a long-term financing agreement for US\$50 million with MetLife for two loans of US\$25 million with terms of 10 and 15 years. As a result, net gearing at 31 July 2023 stood at 5.5% (31 January 2023 - 2.9%).

## Promotional Activity

The Board continues to update shareholders and promote the Company through the Manager's marketing programme by means of articles and videos from the fund manager, webinars, shareholder meetings and an online presentation prior to the Annual General Meeting ("AGM"). You can register for updates on the Company's website [northamericanincome.co.uk](http://northamericanincome.co.uk) which has been updated and refreshed over the last couple of months. The website is also the best source for up-to-date information about the Company, including monthly factsheets, interviews with the Manager and the latest NAV and price of the Ordinary shares.

## Environmental, Social and Governance

On the environmental, social and governance ("ESG") front, your Manager continues to engage with companies in the portfolio based on a range of criteria, including strong governance practices and efficient resource management. The Investment Manager uses ESG tools, with a particular focus on climate-related criteria, to assess the carbon footprint of the portfolio. The Manager also published the first Taskforce on Climate-related Financial Disclosures ("TCFD") report on the Company's carbon footprint data, which can be found at [invtrusts.co.uk/en-gb/prices-and-literature/company-literature](https://invtrusts.co.uk/en-gb/prices-and-literature/company-literature). This report is produced to support investors in appropriately assessing and pricing a specific set of risks related to climate change.

## Board

The Board continues to review its succession planning. In March 2024, I will have served nine years as a Director of the Company and, in accordance with the UK Corporate Governance Code, I intend to retire from the Board at the conclusion of the AGM in June 2024.

As part of its succession planning, the Board has carefully considered my successor and I am delighted to report that Charles Park will be appointed as Chair with effect from the conclusion of the 2024 AGM. Charlie joined the Board in June 2017. He has extensive experience of investing in the US, including through his valued experience as a Director of the Company.

In May 2023, the Board visited your Manager in the US, an excellent opportunity to meet the team face to face. The visit allowed the Board to develop a deeper knowledge of the Manager's investment process and culture, as well as broaden their understanding on how specific market developments in the US are impacting the companies in the portfolio. We also appreciated the opportunity to spend some time meeting directly with management of one of the companies and hearing from experts on the political and economic backdrop.

## Outlook

Macroeconomic uncertainty persists given elevated inflation, tight monetary policies and geopolitical tensions. At the same time, the US is starting the extended run-in to the next presidential election in November 2024 and we are alert to the prospects of vote-garnering announcements by prospective candidates from both sides over the coming months.

While investor sentiment now favours an end to the Fed's interest-rate hiking cycle, some further rate increases cannot be ruled out due to still-high core inflation and the Fed's commitment to achieving its 2% target. Meanwhile, inflation could increase further due to the recent rise in oil prices. In addition to price increases, more restrictive lending policies as a result of the banking sector collapses in March and the restarting of student loan repayments could hinder consumer spending. However, the US economy has remained resilient during the review period, with a notably strong labour market which is an improvement on forecasts at the start of the year.

Against this backdrop, the Board believes a mild recession is still likely to begin at some point by the end of the year or in early 2024. Your Manager has positioned the Company's portfolio to focus on high quality companies with good corporate governance, strong balance sheets and a solid dividend growth history, with a view to protecting the portfolio from the worst impacts of such an economic backdrop. This strategy has enabled the Company to pay a progressive annual dividend over the past eleven years. The Board is convinced that a focus on quality and income generation is the best approach to navigate uncertain times and weather a potential recession.



**Dame Susan Rice**  
Chair  
4 October 2023

# Investment Manager's Review

## Market Overview

The Company's reference index, the Russell 1000 Value Index, delivered a total return of -1.0% in sterling terms over the six month period ended 31 July 2023. The strength of sterling in the period more than offset the 3.5% local currency total return of the index.

A combination of higher interest rates and inflation – due in part to a robust employment market – led to continued volatility in US share prices over the period. This is evidenced by the banking sector turmoil in March 2023 when two regional banks, Silicon Valley Bank and Signature Bank, both collapsed. There were several reasons for the failures; however, a key determinant was higher interest rates forcing both banks to lower the value of their investment portfolios.

Faced with a US economy that has maintained positive momentum despite a succession of rate rises since March last year, the Federal Reserve (Fed) continued to tighten policy over the remainder of 2022. This included four successive rate hikes of 75 basis points (bps) between June and November 2022. However, with inflationary pressures moderating, the Fed then eased the pace of rate increases from 50 bps in December 2022 to 25 bps from its February 2023 meeting onwards. In fact, the Fed refrained from tightening policy altogether at the June 2023 meeting; however, the rise of 25 bps in July 2023 took the targeted Fed funds rate to 5.25-5.50%, its highest level since 2001.

US stock markets rose steadily during June and July 2023. This was after investor sentiment was helped at the end of May 2023 by the long-awaited news of an agreement over temporarily suspending the US debt ceiling until January 2025, thereby reducing the risk of a US debt default.

The communication services, information technology and industrials sectors were the strongest performers within the Russell 1000 Value Index, while the real estate, healthcare and utilities sectors were the primary market laggards for the period.

The technology sector performed strongly amid rising investor demand for artificial intelligence ("AI")-related stocks and the prospect of less monetary tightening in the future. The communication services and industrial sectors were also leading performers within the Russell 1000 Value Index. Conversely, the real estate, healthcare, and utilities sectors were the primary laggards for the period.

## Revenue Account

The currency effect flows through the balance sheet and the revenue account, muting the sterling value growth as compared to the local currency performance.

This year the trend of year-on-year growth in dividend income has checked slightly as investee companies have reacted to the tightening fiscal environment. Dividend income in the first six months of the year was £8.8m, or 3.8% lower than the £9.2m earned in the six months to July 2022. The marginal reduction in dividend income was offset by an increase in deposit interest as cash is now generating a more meaningful return than has been the case for many years. Option income was also down 5.6%. Dividend income is still almost 15% higher than the pre-pandemic income in July 2019 and our forecast for the second half of the financial year is that income will be close to the level earned last year.

Total costs for the period have increased by 5.8%, with a reduction in the management fee, due to the decline in the underlying asset values, being outweighed by a rise in administrative expenses.

## Investment Performance

The Company generated a NAV total return of -3.2% for the six months ended 31 July 2023, underperforming the -1.0% total return of the reference index, the Russell 1000 Value Index.

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

Looking at individual stock contributions, the largest individual detractor was a lack of exposure to the social media and technology conglomerate, **Meta Platforms ("Meta")**. Shares in the Facebook owner surged as the company reported better-than-expected earnings in the second quarter and issued optimistic guidance as the company is investing heavily in AI, a move which has been well received by investors. Non-dividend paying technology companies, like Meta, do not fall into our stock selection criteria as they do not return money to shareholders via dividend payments.

Looking at stocks held in the portfolio, agricultural sciences company **FMC Corporation** underperformed, after the company reported disappointing second quarter earnings and lowered its full-year guidance, given lower-than-expected volumes due to inventory destocking from its customers.



Diversified healthcare provider **CVS Health** was another weak performer as it faced a challenging macroeconomic environment and above-trend claims from its Aetna insurance segment.

In terms of positive contributors, at a sector level, the largest contributors to the Company's performance were energy and information technology, both due to stock selection.

Semiconductor manufacturer **Broadcom** was among the top positive contributors, performing strongly, alongside **NVIDIA** and other companies with AI exposure, after reports indicated a significant increase in demand for AI solutions. Broadcom subsequently reported earnings that confirmed these improving demand trends.

Oilfield services provider **Baker Hughes** also fared well after it was awarded a major subsea equipment contract off the Ivory Coast. The company will supply several technologies to Africa's first net-zero emissions development project. You can read more about Broadcom and Baker Hughes, and our rationale for holding them in the portfolio, on pages 15 and 16.

Real estate investment trust **Omega Healthcare Investors** reported better-than-expected earnings thanks to higher occupancy rates at its customer facilities, along with fewer staffing issues. At the same time, the company's management continues to make progress on restructuring certain customer contracts, a process which should conclude over the coming quarters.

## Portfolio Activity

Our investment process focuses on identifying and investing in high quality, cash-generative businesses. Market volatility created opportunities to add quality companies into the portfolio at compelling prices.

During the six month period, we initiated positions in three new companies.

Beverage firm **Keurig Dr Pepper** has products in both the cold drinks segment (led by the flagship Dr Pepper brand) and the coffee segment, following the merger with Keurig which is a leading brand in the single-serve coffee segment. Historically, the cold drinks business has grown in line with, or above, the market, benefiting from the company's strength in non-cola flavours and its status as a preferred distributor and acquirer of niche brands. The single-serve coffee business has recently been under pressure due to the impact of higher inflation but has excellent long-term trends and pricing in both segments (especially coffee) has now normalised, while demand strength and market share gains have continued.

We also introduced **Essential Utilities**, a diversified utility with two-thirds of its earnings from the water business and one-third from the gas business. In the short run, the gas business should grow faster given the infrastructure upgrades needed. However, the water business should grow at a comparable pace over the intermediate term due to several small acquisition opportunities given that around 85% of the country is served by small, privately run municipal operations. Furthermore, environmental regulations continue to be more stringent and these incremental costs – some of which can be quite sizeable – are a common catalyst for acquisition opportunities.

Another new holding is energy infrastructure company **Enbridge**. It is a premier midstream company that operates one of the most advantaged oil pipeline networks in North America, a strong collection of natural gas infrastructure and utility assets, and a growing renewable energy platform. The company's diversified asset portfolio generates predictable cash flows thanks to its regulated and long-term contracts with customers. The strategy is to harvest this substantial cash generation to complete Enbridge's large backlog of low-risk projects. Over time, project completion should drive earnings higher while also supporting the company's shareholder-friendly distribution policy.

Meanwhile, we sold clothing company **VF Corporation**. Despite having a portfolio of well-admired brands like Vans and The North Face, the company has faced multiple setbacks due to its continued poor execution. While many of these issues appear to be temporary, with most of them stemming from the pandemic's effects on both supply chains and demand, they have impacted VF Corporation's balance sheet. Moreover, any improvement in operating performance has likely been delayed while a new CEO attempts to reposition the company at a time when consumer sentiment is already weak.

We also sold our position in energy infrastructure firm **TC Energy**, using the proceeds to fund our investment in competitor Enbridge. While both are still high quality energy infrastructure companies, we believe the fundamental backdrop favours Enbridge. TC Energy is in the process of completing several large projects that will create longer-term growth opportunities. However, factors primarily outside the company's control have created delays and put upward pressure on costs, negatively affecting project-level returns. Furthermore, because of these pressures, TC Energy has set ambitious divestiture goals to fund these projects and now risks balance sheet degradation if these sales are not completed at fair prices in a reasonable time frame.

# Investment Manager's Review

## Continued

A list of investments in the portfolio can be found on pages 12 to 13.

Within the Company's corporate bond portfolio, we initiated several positions over the review period to take advantage of more attractive valuations. This was after these bonds' yields became more attractive due to further monetary tightening as well as worries about what an economic slowdown could mean for the instruments' credit quality. In contrast, we exited some other positions as the valuation of these bonds traded through what we deemed to be their fair value. We continue to work closely with the Manager's fixed income specialists to monitor credits and market conditions.

### Outlook

The US economy continues to surprise to the upside. After the latest interest rate increase in July 2023, consensus is shaping up that the Fed may be at the end of its interest-rate hiking cycle. However, this view may be premature as core inflation data continue to be slow to contract and the Fed has been clear that it is committed to hitting its 2% target. Moreover, gasoline prices have been rising recently, which will negatively affect future inflation data. Up to now, the consumer has held up remarkably well; however, higher gasoline prices, tighter lending conditions post the averted bank crisis and restarting student loan repayments are likely to constrain spending. That being said, the abrdn 'house' view remains that a mild recession is still likely. We now expect it to begin in the first quarter of 2024 and we are not forecasting a recovery until the tail end of the year.



**Fran Radano**  
abrdn Inc.  
4 October 2023

# Other Matters

## Principal Risks and Uncertainties

There are a number of risks that, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has considered the principal risks and uncertainties facing the Company together with a description of the mitigating actions it has taken. They can be summarised under the following headings:

- Market Risk
- Major Market Event or Geopolitical Risk
- Income and Dividend Risk
- Operational Risk
- Regulatory Risk
- Gearing Risk
- Discount Volatility
- Derivatives
- Potential Impact of ESG Investment Principles

Details of these risks are provided on pages 14 to 16 of the Annual Report for the year ended 31 January 2023.

The Board monitors these principal risks closely and has a process to identify and assess emerging risks such as climate change and geopolitical developments.

The increasing political and economic uncertainty which could affect markets, particularly in reaction to higher interest rates and recent banking failures, received particular focus in the reporting period.

The Board is also aware of the elevated threat posed by climate change and continues to monitor, through the Investment Manager, the potential risk that the companies in the portfolio may fail to adapt to changes in policy and regulation.

In all other respects, the Company's principal risks and uncertainties have not changed nor are they expected to change in the second half of the financial year ending 31 January 2024.

## Going Concern

In accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business, the Directors have undertaken a rigorous review and consider both that there are no material uncertainties and that the adoption of the going concern basis of accounting is appropriate. The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and, in most circumstances, are realisable within a short timescale.

In December 2020, the Company entered into a long-term financing agreement for US\$50 million with MetLife, comprising two loans of US\$25 million with terms of 10 and 15 years.

The Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and the ability to meet all its liabilities and ongoing expenses from its assets. Given that the Company's portfolio comprises primarily "Level One" assets (listed on a recognisable exchange and realisable within a short timescale), and the Company's relatively low level of gearing, the Directors believe that adopting a going concern basis of accounting remains appropriate.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# Other Matters

## Continued

### Directors' Responsibility Statement

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting);
- the Half-Yearly Board Report, comprising the Chair's Statement, Other Matters and Portfolio Information, includes a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the financial statements include a fair review of the information required by 4.2.8R of the Disclosure Guidance and Transparency Rules (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half-Yearly Financial Report for the six months ended 31 July 2023 comprises the Half-Yearly Board Report, the Directors' Responsibility Statement and a condensed set of Financial Statements which has not been reviewed or audited by the Company's auditor.

**For and on behalf of the Board  
of The North American Income Trust plc**

**Dame Susan Rice,**  
Chair  
4 October 2023

# Ten Largest Investments

As at 31 July 2023



## Baker Hughes

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



## CVS Health

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



## MetLife

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



## Gaming & Leisure Properties

Gaming and Leisure Properties, Inc. owns and leases casinos and other entertainment facilities.



## Phillips 66

Phillips 66 is a downstream energy company. The Company's operations include oil refining, marketing, and transportation.



## Medtronic

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



## Bristol-Myers Squibb

Bristol-Myers Squibb Company is a global biopharmaceutical company. The Company develops, licences, manufactures, markets, and sells pharmaceutical and nutritional products.



## CMS Energy

CMS Energy Corporation is an energy company. The company, through its subsidiaries, provides electricity and natural gas to its customers. CMS energy also invests in and operates non-utility power generation plants in the United States and abroad.



## Merck & Co.

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



## L3Harris Technologies

L3Harris Technologies, Inc. is an aerospace and defence technology innovator. The Company designs, develops, and manufactures radio communications products and systems, including single channel ground and airborne radio systems.

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# List of Investments

## As at 31 July 2023

Company	Industry classification	Valuation £'000	Valuation %
Baker Hughes	Energy Equipment & Services	25,035	5.3
CVS Health	Health Care Providers & Services	20,898	4.5
MetLife	Insurance	19,576	4.2
Gaming & Leisure Properties	Specialised REITs	18,443	3.9
Phillips 66	Oil, Gas & Consumable Fuels	17,340	3.7
Medtronic	Health Care Equipment & Supplies	17,052	3.6
Bristol-Myers Squibb	Pharmaceuticals	16,917	3.6
CMS Energy	Multi-Utilities	16,613	3.5
Merck & Co.	Pharmaceuticals	16,578	3.5
L3 Harris Technologies	Aerospace & Defence	16,200	3.4
<b>Ten largest investments</b>		<b>184,652</b>	<b>39.2</b>
Omega Healthcare Investors	Health Care REITs	16,115	3.4
Philip Morris	Tobacco	15,501	3.3
Comcast	Media	15,126	3.2
FMC	Chemicals	14,958	3.2
Restaurant Brands International	Hotels, Restaurants & Leisure	14,876	3.2
Cogent Communications	Diversified Telecommunication	14,279	3.0
Emerson Electric	Electrical Equipment	14,199	3.0
American International	Insurance	14,055	3.0
Analog Devices	Semiconductors & Semiconductor Equipment	13,957	3.0
Citigroup	Banks	12,965	2.8
<b>Twenty largest investments</b>		<b>330,683</b>	<b>70.3</b>
JPMorgan Chase & Co.	Banks	12,277	2.6
Cisco Systems	Communications Equipment	12,134	2.6
Air Products & Chemicals	Chemicals	10,679	2.3
PNC Financial Services	Banks	10,639	2.3
Enbridge	Oil, Gas & Consumable Fuels	10,010	2.1
CME Group	Capital Markets	7,732	1.6
Coca-Cola	Beverages	7,220	1.5
OneMain	Consumer Finance	7,070	1.5
Broadcom	Semiconductors & Semiconductor Equipment	6,984	1.5
Royal Bank of Canada	Banks	6,934	1.5
<b>Thirty largest investments</b>		<b>422,362</b>	<b>89.8</b>

## As at 31 July 2023

Company	Industry classification	Valuation £'000	Valuation %
CI Financial	Capital Markets	6,893	1.5
Keurig Dr Pepper	Beverages	6,608	1.4
Essential Utilities	Water Utilities	6,574	1.4
AbbVie	Biotechnology	5,232	1.1
Texas Instruments	Semiconductors & Semiconductor Equipment	4,896	1.0
Home Depot	Specialty Retail	4,670	1.0
Hannon Armstrong Sustainable	Mortgage Real Estate Investment Trusts (REITS)	3,653	0.7
CCO Holdings 7.375% 03/03/31	Media	1,391	0.3
Venture Global 8.375% 01/06/31	Oil, Gas & Consumable Fuels	1,375	0.3
CCO Holdings 4.75% 01/02/32	Media	1,347	0.3
<b>Forty largest investments</b>		<b>465,001</b>	<b>98.8</b>
Goodyear Tire & Rubber 5% 15/07/29	Consumer Durables	716	0.2
NRG Energy 3.625% 15/02/31	Multi-Utilities	694	0.2
Venture Global Calcasie 6.25% 15/01/30	Oil, Gas & Consumable Fuels	685	0.2
NCL 5.875% 15/02/27	Consumer Discretionary	682	0.1
Howmet Aerospace 3% 15/01/29	Aerospace & Defence	678	0.1
Viatis 2.7% 22/06/30	Pharmaceuticals	671	0.1
Graphic Packaging 3.75% 01/02/30	Packaging & Containers	663	0.1
Venture Global Calcasie 3.875% 01/11/33	Oil, Gas & Consumable Fuels	657	0.1
Arsenal AIC Parent 8% 01/10/30	Materials	30	0.1
<b>Total investments</b>		<b>470,477</b>	<b>100.0</b>

# Geographical Analysis

As at 31 July 2023

Country	Equity %	Fixed interest %	Total %
Canada	8.3	-	8.3
USA	89.6	2.1	91.7
	<b>97.9</b>	<b>2.1</b>	<b>100.0</b>

# Investment Case Studies

## Broadcom

Starting out as a sub-division of Hewlett-Packard in the 1960s, Broadcom (formerly Avago Technologies) has grown into a leading developer and supplier of semiconductor and software solutions. Its broad product range covers the wireless, networking, server storage, broadband and industrial markets.

With CEO and president Hock Tan guiding a strong management team, the firm has built its reputation as a global technology powerhouse through an aggressive, yet smart, merger and acquisition strategy. The anticipated acquisition of cloud computing business VMware is evidence of this strategy at work. The deal has already been approved by the European Commission and provisionally approved by the UK's Competitions and Markets Authority, so now only needs clearance from the US Federal Trade Commission.

The explosion in AI is boosting the company's performance. Exposure to AI comes through custom silicon chips (believed to be used by Google in its Tensor Processing Unit AI accelerators), and AI ethernet switches. AI is expected to make up more than 20% of semiconductor sales in fiscal year 2024 (up from 10% in fiscal year 2022), worth around \$6–8 billion.

The holding is maintained by the Investment Manager because Broadcom is an excellent allocator of capital and has the ability to compound earnings per share over the long-term. The company's management is committed to returning around 50% of free cash flow to shareholders, with an attractive dividend yield. Meanwhile, its valuation appears reasonable compared with its peer group.

Broadcom has made great strides in terms of ESG performance in recent years (evidenced by its 'A' rating from MSCI). Its products often focus on minimising power consumption compared with rivals. The company has also committed to the ethical sourcing of raw materials (as semiconductor manufacturing can involve the use of conflict minerals, which are linked to human rights abuses). More than 90% of its suppliers comply with the stringent Responsible Minerals Initiative standards. Given Broadcom's role as an industry consolidator, the Investment Manager has also engaged with the management team on human capital development. This has evidenced a more positive impression of Broadcom's ability to integrate people into the company when it makes acquisitions.



# Investment Case Studies

## Continued

### Baker Hughes

Baker Hughes is a unique oilfield services company with a diverse portfolio that includes traditional energy products, liquified natural gas ("LNG") equipment and 'new energy' solutions.

The mix of traditional oilfield services, LNG technology and new energy solutions, including carbon capture, utilisation and storage and hydrogen, presents an intriguing combination of near, medium, and long-term opportunities from an investment perspective. The company could benefit from greater spending by upstream customers, multiple years of strong demand for LNG technologies and secular tailwinds for energy solutions tied in with a greener, more sustainable future.

In the Investment Manager's opinion, investors do not fully appreciate the value of Baker Hughes' strong position within LNG equipment and new energy technologies. From an income perspective, the company's strong balance sheet and shareholder returns strategy allow it to maintain dividend payments to shareholders through economic cycles. Holding Baker Hughes gives the Company exposure to relatively more attractive parts of the energy value chain and that longer-term opportunity.

From an ESG point of view, Baker Hughes is highly rated (with an 'AA' score from MSCI). Despite its exposure to traditional oil and gas, the company is closely linked with the energy transition. It was one of the first energy companies to establish a net zero emission target for 2050, supported by interim targets. The Investment Manager views Baker Hughes' performance and disclosures in this area to be ahead of its peers.

Despite the company's above-average exposure to climate change risk, the Investment Manager is confident in its ability to mitigate these concerns following our engagement on the issue. For example, Baker Hughes uses robust internal models to run various scenarios and to better plan, or avoid, physical asset risk.





# Condensed Statement of Comprehensive Income (unaudited)

	Notes	Six months ended 31 July 2023			Six months ended 31 July 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net (losses)/gains on investments		-	(28,238)	(28,238)	-	14,435	14,435
Net currency gains/(losses)		-	1,573	1,573	-	(1,337)	(1,337)
Income	2	11,135	429	11,564	11,219	324	11,543
Investment management fee		(451)	(1,052)	(1,503)	(464)	(1,082)	(1,546)
Administrative expenses	3	(464)	-	(464)	(401)	-	(401)
<b>Net return before finance costs and taxation</b>		<b>10,220</b>	<b>(27,288)</b>	<b>(17,068)</b>	<b>10,354</b>	<b>12,340</b>	<b>22,694</b>
Finance costs		(165)	(385)	(550)	(176)	(411)	(587)
<b>Return before taxation</b>		<b>10,055</b>	<b>(27,673)</b>	<b>(17,618)</b>	<b>10,178</b>	<b>11,929</b>	<b>22,107</b>
Taxation	4	(1,513)	281	(1,232)	(1,610)	235	(1,375)
<b>Return after taxation</b>		<b>8,542</b>	<b>(27,392)</b>	<b>(18,850)</b>	<b>8,568</b>	<b>12,164</b>	<b>20,732</b>
<b>Return per share (pence)</b>	6	<b>6.10</b>	<b>(19.55)</b>	<b>(13.45)</b>	<b>6.10</b>	<b>8.67</b>	<b>14.77</b>

The total column of the Condensed Statement of Comprehensive Income is the profit and loss account of the Company.

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

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

# Condensed Statement of Financial Position (unaudited)

	Notes	As at 31 July 2023 £'000	As at 31 January 2023 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	11	470,477	486,940
<b>Current assets</b>			
Debtors and prepayments		7,538	2,675
Cash and short-term deposits		19,363	26,699
		26,901	29,374
<b>Creditors: amounts falling due within one year</b>			
Traded options	11	(291)	(264)
Other creditors		(13,227)	(2,616)
		(13,518)	(2,880)
<b>Net current assets</b>		13,383	26,494
<b>Total assets less current liabilities</b>		483,860	513,434
<b>Creditors: amounts falling due after more than one year</b>			
Senior Loan Notes		(38,792)	(40,543)
<b>Net assets</b>		445,068	472,891
<b>Capital and reserves</b>			
Called-up share capital		7,002	7,012
Share premium account		51,806	51,806
Capital redemption reserve		15,614	15,604
Capital reserve	8	345,871	373,828
Revenue reserve		24,775	24,641
<b>Total shareholders' funds</b>		445,068	472,891
<b>Net asset value per share (pence)</b>	9	317.82	337.21

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

# Condensed Statement of Changes in Equity (unaudited)

## Six months ended 31 July 2023

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2023		7,012	51,806	15,604	373,828	24,641	472,891
Buyback of Ordinary shares		(10)	-	10	(565)	-	(565)
Return after taxation		-	-	-	(27,392)	8,542	(18,850)
Dividends paid	5	-	-	-	-	(8,408)	(8,408)
<b>Balance at 31 July 2023</b>		<b>7,002</b>	<b>51,806</b>	<b>15,614</b>	<b>345,871</b>	<b>24,775</b>	<b>445,068</b>

## Six months ended 31 July 2022

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2022		7,034	51,806	15,582	350,388	23,653	448,463
Buyback of Ordinary shares		(22)	-	22	(1,252)	-	(1,252)
Return after taxation		-	-	-	12,164	8,568	20,732
Dividends paid	5	-	-	-	-	(9,126)	(9,126)
<b>Balance at 31 July 2022</b>		<b>7,012</b>	<b>51,806</b>	<b>15,604</b>	<b>361,300</b>	<b>23,095</b>	<b>458,817</b>

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

# Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000
<b>Operating activities</b>		
Net return before taxation	(17,618)	22,107
Adjustments for:		
Net losses/(gains) on investments	28,075	(14,667)
Net (gains)/losses on foreign exchange transactions	(1,573)	1,337
Increase in dividend income receivable	(248)	(681)
Increase in fixed interest income receivable	(64)	(23)
Increase in derivatives	27	343
Decrease/(increase) in other debtors	16	(24)
Increase in other creditors	687	849
Tax on overseas income	(1,053)	(1,357)
Amortisation of fixed income book cost	(45)	(4)
<b>Net cash flow from operating activities</b>	<b>8,204</b>	<b>7,880</b>
<b>Investing activities</b>		
Purchases of investments	(72,882)	(106,369)
Sales of investments	66,493	107,830
<b>Net cash flow from investing activities</b>	<b>(6,389)</b>	<b>1,461</b>
<b>Financing activities</b>		
Equity dividends paid	(8,408)	(9,126)
Buyback of Ordinary shares	(565)	(1,252)
<b>Net cash used in financing activities</b>	<b>(8,973)</b>	<b>(10,378)</b>
<b>Decrease in cash</b>	<b>(7,158)</b>	<b>(1,037)</b>
<b>Analysis of changes in cash during the period</b>		
Opening balance	26,699	13,875
Effect of exchange rate fluctuations on cash held	(178)	2,486
Decrease in cash as above	(7,158)	(1,037)
<b>Closing balance</b>	<b>19,363</b>	<b>15,324</b>

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

# Notes to the Financial Statements (unaudited)

For the year ended 31 July 2023

## 1. Accounting policies

**Basis of preparation.** The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice for 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. 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. Annual financial statements are prepared under Financial Reporting Standard 102.

The condensed interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

## 2. Income

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000
<b>Income from overseas listed investments</b>		
Dividend income	7,658	8,169
REIT income	1,134	972
Interest income from investments	248	76
	9,040	9,217
<b>Other income from investment activity</b>		
Traded option premiums	1,846	1,955
Deposit interest	249	47
	2,095	2,002
<b>Total income</b>	<b>11,135</b>	<b>11,219</b>



# Notes to the Financial Statements (unaudited)

## Continued

### 3. Administrative expenses

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000
Directors' fees	78	60
Secretarial fees	73	65
Promotional activities	107	107
Auditor's remuneration:		
- fees payable to the Company's auditor for the audit of the annual report	26	18
Custody and bank charges	12	14
Registrar's fees	14	16
Professional fees	21	17
Depository charges	22	23
Other expenses	111	81
	<b>464</b>	<b>401</b>

### 4. Taxation

The taxation expense reflected in the Condensed Statement of Comprehensive Income is based on the estimated annual tax rate expected for the full financial year. The estimated annual corporation tax rate used for the year to 31 January 2024 is 24% (2023 - 19%).

Detailed below is an analysis of the tax charge for each period.

Taxation	Six months ended 31 July 2023			Six months ended 31 July 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	231	-	231	98	-	98
Double tax relief	(170)	-	(170)	(98)	-	(98)
Overseas tax suffered	1,107	64	1,171	1,308	49	1,357
Tax relief to capital	345	(345)	-	284	(284)	-
Deferred tax	-	-	-	84	-	84
Double tax relief on deferred tax items	-	-	-	(66)	-	(66)
<b>Total tax charge for the period</b>	<b>1,513</b>	<b>(281)</b>	<b>1,232</b>	<b>1,610</b>	<b>(235)</b>	<b>1,375</b>

## 5. Dividends

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000
Third interim dividend for 2023 – 2.5p (2022 – 2.5p)	3,506	3,517
Final dividend for 2023 – 3.5p (2022 – 4.0p)	4,902	5,609
	<b>8,408</b>	9,126

The Company pays four dividends per year. The first interim dividend of 2.60p (2023 – 2.50p) for the year ending 31 January 2024 was paid on 4 August 2023 to shareholders on the register at 21 July 2023, with an ex-dividend date of 20 July 2023. A second interim dividend of 2.60p (2023 – 2.50p) for the year ending 31 January 2024, will be paid on 27 October 2023 to shareholders on the register at 13 October 2023, with an ex-dividend date of 12 October 2023.

## 6. Return per Ordinary share

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000
Based on the following figures:		
Revenue return	8,542	8,568
Capital return	(27,392)	12,164
<b>Total return</b>	<b>(18,850)</b>	20,732
<b>Weighted average number of shares in issue</b>	<b>140,135,287</b>	140,335,159
	<b>p</b>	<b>p</b>
Revenue return per Ordinary share	6.10	6.10
Capital return per Ordinary share	(19.55)	8.67
<b>Total return per Ordinary share</b>	<b>(13.45)</b>	14.77

# Notes to the Financial Statements (unaudited)

## Continued

### 7. Transaction costs

During the six months ended 31 July 2023 expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within net (losses)/gains on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 July 2023 £'000	Six months ended 31 July 2022 £'000
Purchases	39	30
Sales	59	66
	98	96

### 8. Capital reserve

The capital reserve reflected in the Condensed Statement of Financial Position at 31 July 2023 includes gains of £21,137,000 (31 January 2023 – gains £48,049,000) which relate to the revaluation of investments held at the reporting date.

### 9. Net asset value per Ordinary share

	As at 31 July 2023	As at 31 January 2023
Net assets attributable (£'000)	445,068	472,891
Number of Ordinary shares in issue	140,037,175	140,234,749
Net asset value per Ordinary share (p)	317.82	337.21

## 10. Analysis of changes in net debt

	At 31 January 2023 £'000	Currency differences £'000	Cash flows £'000	Non-cash movement £'000	At 31 July 2023 £'000
Cash and short-term deposits	26,699	(178)	(7,158)	-	19,363
Debt due after more than one year	(40,543)	1,751	-	-	(38,792)
	(13,844)	1,573	(7,158)	-	(19,429)

	At 31 January 2022 £'000	Currency differences £'000	Cash flows £'000	Non-cash movement £'000	At 31 July 2022 £'000
Cash and short-term deposits	13,875	2,486	(1,037)	-	15,324
Debt due after more than one year	(37,191)	(3,823)	-	-	(41,014)
	(23,316)	(1,337)	(1,037)	-	(25,690)

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

## 11. 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 shall have the following classifications:

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

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

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

# Notes to the Financial Statements (unaudited)

## Continued

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

As at 31 July 2023	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted equities	a)	460,888	-	-	460,888
Quoted bonds	b)	-	9,589	-	9,589
<b>Total</b>		<b>460,888</b>	<b>9,589</b>	<b>-</b>	<b>470,477</b>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	c)	-	(291)	-	(291)
<b>Net fair value</b>		<b>460,888</b>	<b>9,298</b>	<b>-</b>	<b>470,186</b>
<b>As at 31 January 2023</b>					
As at 31 January 2023	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted equities	a)	479,799	-	-	479,799
Quoted bonds	b)	-	7,141	-	7,141
<b>Total</b>		<b>479,799</b>	<b>7,141</b>	<b>-</b>	<b>486,940</b>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	c)	-	(264)	-	(264)
<b>Net fair value</b>		<b>479,799</b>	<b>6,877</b>	<b>-</b>	<b>486,676</b>

- a) **Quoted equities.** The fair value of the Company's investments in quoted equities has been determined by reference to their quoted prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.
- b) **Quoted bonds.** The fair value of the Company's investments in quoted bonds has been determined by reference to their quoted bid prices at the reporting date. Investments categorised as Level 2 are not considered to trade in active markets.
- c) **Derivatives.** The Company's investment in exchange traded options have been fair valued using quoted prices and have been classified as Level 2 as they are not considered to trade in active markets.

## 12. Transactions with the Manager

The Company has an agreement with abrdn Fund Managers Limited ("aFML" or the "Manager") for the provision of investment management, secretarial, accounting and administration and promotional activity services.

The annual management fee is charged on gross assets after deducting current liabilities and borrowings and excluding commonly managed funds (net assets), on a tiered basis at 0.75% of net assets up to £250 million, 0.6% between £250 million and £500 million, and 0.5% over £500 million, payable quarterly. The fee is allocated 30% to revenue and 70% to capital. During the period £1,503,000 (31 July 2022 – £1,546,000) of investment management fees were payable to the Manager, with a balance of £1,503,000 (31 July 2022 – £1,546,000) being due to aFML at the period end.

The secretarial fee of £147,000 per annum is chargeable 100% to revenue and is payable monthly in arrears. During the period £73,000 (31 July 2022 – £65,000) of secretarial fees were payable to the Manager, with a balance of £24,000 (31 July 2022 – £22,000) being due to aFML at the period end.

The promotional activities fee is based on a current annual amount of £215,000, payable quarterly in arrears. During the period £107,000 (31 July 2022 – £107,000) of fees were payable, with a balance of £72,000 (31 July 2022 – £72,000) being due to aFML at the period end.

## 13. Segmental information

The Company is engaged in a single segment of business, which is to invest in equity securities and debt instruments. All of the Company's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

## 14. Subsequent events

Subsequent to the period end, the Company has bought back a further 659,338 Ordinary shares for cancellation at a cost of £1,851,000.

## 15. Half-Yearly Financial Report

The financial information in this Report does not comprise statutory accounts within the meaning of Section 434 – 436 of the Companies Act 2006. The financial information for the year ended 31 January 2023 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the Company's auditor was unqualified and contained no statement under Section 498 (2), (3) or (4) of the Companies Act 2006. The condensed interim financial statements have been prepared using the same accounting policies as contained within the preceding annual financial statements.

The financial information for the six months ended 31 July 2023 and 31 July 2022 have not been audited or reviewed by the Company's auditor.

## 16. This Half-Yearly Financial Report was approved by the Board on 4 October 2023.

# Alternative Performance Measures (“APMs”)

Alternative performance measures are numerical measures of the Company’s current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company’s applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company’s performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

## Discount to net asset value

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

		31 July 2023	31 January 2023
NAV per Ordinary share (p)	a	317.82p	337.21p
Share price (p)	b	282.00p	306.00p
Discount	$(a-b)/a$	11.3%	9.3%

## Dividend yield

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

		31 July 2023	31 January 2023
Annual dividend per Ordinary share (p)	a	11.00p	11.00p
Share price (p)	b	282.00p	306.00p
Dividend yield	a/b	3.9%	3.6%

## Net gearing

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

		31 July 2023	31 January 2023
Borrowings (£’000)	a	38,792	40,543
Cash (£’000)	b	19,363	26,699
Amounts due to brokers (£’000)	c	11,308	1,444
Amounts due from brokers (£’000)	d	6,346	1,660
Shareholders’ funds (£’000)	e	445,068	472,891
Net gearing	$(a-b+c-d)/e$	5.5%	2.9%

## Ongoing charges ratio

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC which is defined as the total of investment management fees and administrative expenses and expressed as a percentage of the average published daily net asset values with debt at fair value throughout the year. The ratio for 31 July 2023 is based on forecast ongoing charges for the year ending 31 January 2024.

	31 July 2023	31 January 2023
Investment management fees (£'000)	3,038	3,156
Administrative expenses (£'000)	893	854
Less: non-recurring expenses <sup>A</sup> (£'000)	-	(8)
<b>Ongoing charges (£'000)</b>	<b>3,931</b>	<b>4,002</b>
<b>Average net assets (£'000)</b>	<b>443,416</b>	<b>458,929</b>
<b>Ongoing charges ratio (excluding look-through costs)</b>	<b>0.89%</b>	<b>0.87%</b>
<b>Look-through costs<sup>B</sup></b>	<b>0.11%</b>	<b>0.06%</b>
<b>Ongoing charges ratio (including look-through costs)</b>	<b>1.00%</b>	<b>0.93%</b>

<sup>A</sup> Professional services considered unlikely to recur.

<sup>B</sup> Calculated in accordance with AIC guidance issued in October 2020 to include the Company's share of costs of holdings in investment companies on a look-through basis.

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



# Alternative Performance Measures (“APMs”)

## Continued

### Total return

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

<b>Six months ended 31 July 2023</b>		<b>NAV</b>	<b>Share Price</b>
Opening at 1 February 2023	a	337.2p	306.0p
Closing at 31 July 2023	b	317.8p	282.0p
Price movements	$c=(b/a)-1$	-5.7%	-7.8%
Dividend reinvestment <sup>A</sup>	d	2.5%	2.8%
<b>Total return</b>	c+d	-3.2%	-5.0%

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

<sup>A</sup> 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.

# Investor Information

## Keeping You Informed

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

### abrdn Investment Trusts Social Media Accounts

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

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

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

The Board has been made aware by abrdn that some investors have received telephone calls from people purporting to work for abrdn, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares. These callers do not work for abrdn and any third party making such offers has no link with abrdn. abrdn never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, they should not offer any personal information, end the call and contact abrdn's investor services centre using the details provided on page 37.

The Financial Conduct Authority ("FCA") provides advice with respect to share fraud and boiler room scams:

[fca.org.uk/consumers/scams](http://fca.org.uk/consumers/scams)

## Shareholder Enquiries

For queries regarding shareholdings, lost certificates, dividend payments, registered details and related matters, shareholders holding their shares directly in the Company are advised to contact the Registrar Computershare Investor Services PLC, the Company's Registrar (see page 37 for details).

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

Any general queries about the Company should be directed to the Company Secretary in writing (see page 37 for details) or by email to [CEF.CoSec@abrdn.com](mailto:CEF.CoSec@abrdn.com)

## Suitable for Retail/NMPI Status

The Company's shares are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the income and growth prospects of North American companies by investment in an investment trust and who understand and are willing to accept the risks of exposure to equities.

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 so that the shares issued by the Company 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 ("NMPIs") and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to NMPIs because they are shares in an investment trust.

## Key Information Document ("KID")

The KID relating to the Company and published by the Manager can be found on the Manager's website at: [invtrusts.co.uk/en/fund-centre#literature](http://invtrusts.co.uk/en/fund-centre#literature).

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## Continued

### How to Invest

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

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

In June 2023, abrdn notified existing investors in the abrdn Investment Trusts ISA, Share Plan and Investment Plan for Children that these Plans would be closing in December 2023. The Plans are no longer open to new investors.

If you are an existing investor in the Plans and have any queries, please contact the Investor Services department on 0808 500 4000 or, from overseas, on 00 44 1268 448 222. Lines are open from 9am to 5pm, Monday to Friday, Call charges will vary. Alternatively, please contact [inv.trusts@abrdn.com](mailto:inv.trusts@abrdn.com) by email. Email is not a secure form of communication so you should not send any personal or sensitive information.

### 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](http://pimfa.co.uk) or [unbiased.co.uk](http://unbiased.co.uk) (see below). You will pay a fee for advisory services.

### Platform providers

Platforms featuring abrdn-managed investment trusts include:

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

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

### Discretionary Private Client Stockbrokers

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

### Independent Financial Advisers

To find an adviser who advises on investment trusts, visit:  
[unbiased.co.uk](http://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**

Website: [fca.org.uk/firms/financial-services-register](http://fca.org.uk/firms/financial-services-register)

Email: [consumer.queries@fca.org.uk](mailto:consumer.queries@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 above information 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 in the United Kingdom.*









# Contact Addresses

## Directors

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

Email: [northamericanincome@abrdn.com](mailto:northamericanincome@abrdn.com)

## Alternative Investment Fund Manager

abrdn Fund Managers Limited  
280 Bishopsgate  
London EC2M 4AG

(Authorised and regulated by the FCA)

## Investment Manager

abrdn Inc.  
1900 Market Street  
2<sup>nd</sup> Floor  
Philadelphia PA 19103

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

## Secretary and Registered Office

abrdn Holdings Limited  
1 George Street  
Edinburgh  
EH2 2LL

Telephone: 0131 372 2200

Email: [CEF.CoSec@abrdn.com](mailto:CEF.CoSec@abrdn.com)

## Company Registration Number

Registered in Scotland with number SC005218

## Website

[northamericanincome.co.uk](http://northamericanincome.co.uk)

## Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 7NH

Telephone: **0370 889 4084\***

Website: [www-uk.computershare.com/investor](http://www-uk.computershare.com/investor)

Email is available via the above website.

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

## Independent Auditor

PricewaterhouseCoopers LLP  
144 Morrison St  
Edinburgh  
EH3 8EB

## Company Broker

Winterflood Investment Trusts  
The Atrium Building  
Cannon Bridge House  
25 Dowgate Hill  
London, EC4R 2GA

## Depository

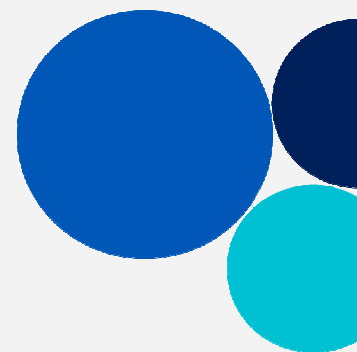
BNP Paribas Trust Corporation UK Limited  
10 Harewood Avenue  
London, NW1 6AA

## Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number ("GIIN"): XYAARK.99999.SL.826

## Legal Entity Identifier ("LEI")

5493007GCUW7G2BKY360



For more information visit [northamericanincome.co.uk](http://northamericanincome.co.uk)

**abrden.com**