



## **The North American Income Trust plc**

**Half Yearly Report 31 July 2022**

Leading North American companies picked for their higher income potential

**[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 predominately of S&P 500 US equities.

## Reference Index

The Board reviews performance against relevant factors, including the Russell Value Index 1000 (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 2022

**+5.5%**

Year ended 31 January 2022

+25.7%

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

Six months ended 31 July 2022

**+8.6%**

Year ended 31 January 2022

+25.6%

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

Six months ended 31 July 2022

**+4.9%**

Year ended 31 January 2022

+26.3%

## Earnings per Ordinary share (revenue)

Six months ended 31 July 2022

**6.10p**

Six months ended 31 July 2021

5.05p

## Dividends per Ordinary Share

Six months ended 31 July 2022

**5.00p**

Six months ended 31 July 2021

3.80p

## Full year dividend yield<sup>A</sup>

As at 31 July 2022

**3.5%**

As at 31 January 2022

3.6%

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found on pages 26-28.

## Performance (Total return)

	6 months ended 31 July 2022 %	1 year ended 31 July 2022 %	3 years ended 31 July 2022 %	5 years ended 31 July 2022 %
Net asset value per Ordinary share <sup>A</sup>	5.5	10.8	17.1	47.3
Share price per Ordinary share <sup>A</sup>	8.6	14.5	7.0	50.5
Russell 1000 Value Index (in sterling terms)	4.9	12.6	29.9	61.1
S&P 500 Index (in sterling terms)	1.6	9.0	46.6	98.1

<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 28.  
Source: abrdn, Morningstar & Lipper.

# Financial Calendar, Dividends and Highlights

Payment dates of quarterly dividends	<b>August 2022 October 2022 February 2023 June 2023</b>
Financial year end	<b>31 January 2023</b>
Expected announcement of results for year ended 31 January 2023	<b>April 2023</b>
Annual General Meeting (Edinburgh)	<b>8 June 2023</b>

## Financial Highlights

	<b>As at 31 July 2022</b>	<b>As at 31 January 2022</b>	<b>Capital return %</b>
Net asset value per Ordinary share	<b>327.2p</b>	318.8p	+2.6
Share price per Ordinary share (mid)	<b>298.0p</b>	283.0p	+5.3
Discount to net asset value <sup>A</sup>	<b>8.9%</b>	11.2%	
Net gearing <sup>A</sup>	<b>5.6%</b>	4.9%	
Ongoing charges ratio <sup>A</sup>	<b>0.93%</b>	0.95%	

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found on pages 26-28.

	<b>Six months to 31 July 2022</b>	<b>Six months to 31 July 2021</b>	<b>Change %</b>
Revenue return per Ordinary share	<b>6.10p</b>	5.05p	+20.8
Interim dividends	<b>5.00p<sup>A</sup></b>	3.80p <sup>B</sup>	+31.6

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

<sup>B</sup> Includes a first interim dividend of 1.90p paid on 6 August 2021 and a second interim dividend of 1.90p paid on 29 October 2021.

“The Company returned 5.5% on a net asset value total return basis in sterling terms for the six-month period ended 31 July 2022, outperforming the 4.9% total return of its reference index, the Russell 1000 Value Index”

# Chair's Statement

## Market & Economic Review

Major North American equity market indices experienced significant volatility and lost ground during the six-month period ended 31 July 2022. For most of the period, investors grew concerned over the pace of the US Federal Reserve's monetary tightening. Economists warned that hiking interest rates too much, too quickly could push the US economy into recession. These worries were exacerbated by increasing lockdowns in China due to COVID-19, which further stressed an already challenged global supply chain. However, major US equity market indices rallied sharply in July 2022, buoyed in part by a positive start to the second-quarter corporate earnings season. The Russell 1000 Value Index, the Company's reference index, returned 4.9% over the review period. The energy, utilities and healthcare sectors garnered positive returns and were the top performers for the period. Conversely, the communication services, financials and technology sectors posted losses and were the primary market laggards.

Inflation in the US remained elevated during the reporting period. The US Consumer Price Index ("CPI") rose by an annual rate of 8.5% in July. The year-over-year increases in the CPI ranged from 7.9% in February to 9.1% rate in June. The continued upturn in inflation during the review period was attributable mainly to sharp increases in energy costs, particularly fuel oil and gasoline, which rose at annual rates of 44% and 76%, respectively, in July. Additionally, food prices saw double-digit, year-over-year increases for five consecutive months between March and July. Rising inflation led the US Federal Reserve (Fed) to raise the federal funds rate by 25 basis points (bps) to a range of 0.25%–0.50% following its meeting in mid-March – the central bank's first rate hike since 2018. The Fed subsequently implemented additional rate hikes totalling 200 bps, lifting its benchmark interest rate to a range of 2.25% to 2.50%.

The US economy contracted by 0.6% in the second quarter of 2022. This marked the second consecutive quarterly decline in gross domestic product ("GDP") – which fell 1.6% in the first quarter – meeting the definition of a 'technical recession'. The decrease in GDP resulted mainly from reductions in inventory investment (a measurement of the change in inventory levels in the economy) and residential fixed investment, which more than offset increases in exports and consumer spending.

## Performance

The Company returned 5.5% on a net asset value total return basis in sterling terms for the six-month period ended 31 July 2022, outperforming the 4.9% total return of its reference index, the Russell 1000 Value Index (in sterling terms). The revenue account remained healthy, building upon the record established in prior years.

The Company's performance relative to the reference index for the period benefited from stock selection in the industrials and real estate sectors, along with an overweight position in energy. The largest contributors among individual holdings were multinational pharmaceutical firm **Bristol-Myers Squibb**; gaming-focused REIT **Gaming and Leisure Properties**; and biopharmaceutical company **Abbvie**.

**Bristol-Myers Squibb's** approval of a key drug, mavacamten, released an overhang which had pressured the shares. **Gaming and Leisure Properties** announced a plan to acquire two Rhode Island casino properties – Bally's Twin River Lincoln Casino Resort and Bally's Tiverton Casino & Hotel – from Bally's Corp. for US\$1 billion. Shares of **Abbvie** outperformed despite guidance for its new drug, Rinvoq, drove longer-term sales expectations higher after the loss of patent protection for its key drug Humira.

Despite the portfolio's overweight position to the energy sector, which outperformed the market during the quarter, stock selection within the energy sector was a drag on performance. Our stock picks in the financials sector and overall positioning in utilities also weighed on the Company's relative performance. The largest individual stock detractors from performance included Canadian financial services company **CI Financial**, and apparel maker **Hanesbrands**, as well as the absence of a position in the oil and gas company **ExxonMobil**.

**CI Financial** continues to execute well on its turnaround story but pressure on equity markets and fees weighed on the stock price.

Shares of **Hanesbrands** underperformed as several major retailers and the company's corporate customers lowered guidance throughout the period to account for lower consumer demand and elevated inventories. The lack of exposure to **ExxonMobil** weighed on the Company's relative performance as the stock price rose sharply despite the company delivering generally positive results for the first two quarters of its 2022 fiscal year, attributable mainly to strength in its Upstream segment.

## Portfolio Activity

The Company's investments remained consistent with our high-quality, cash-generative stock selection process and market volatility created new opportunities to add quality companies into the portfolio at attractive prices. During the review period, we initiated an equity position in **CVS Healthcare**, a retail drugstore chain operator and pharmacy benefit manager. We believe that the company is making significant improvements to the quality of the business, pivoting the business towards more attractive, structurally growing areas of healthcare. The key strategic initiative is to decrease its retail pharmacy footprint and invest to build out primary care delivery, where there is significant opportunity for growth, as 30% of Americans do not have a primary care provider, and the industry is moving towards value-based care, which offers more attractive returns.

Positions that the Company exited during the review period included agricultural products maker **Nutrien Corp.** and Michigan-based regional utility company **CMS Energy**. We sold the Company's holding in Nutrien after a rally in fertilizer prices drove the company's earnings to what we believe to be unsustainably high levels, which we expect to revert to lower levels over time, along with the stock price. We exited the position in CMS Energy as the valuation reached peak levels, subsequently lowered the dividend yield to the point there was minimal total return potential. Finally, we sold the Company's holding in freight railroad operator **Union Pacific (UNP)** given multiple quarters of mixed performance due to operational challenges, combined with a high relative valuation. UNP remains a high-quality operator, but at its current valuation, we believe that there is better risk/reward potential in other cyclical companies.

Within the Company's corporate bond portfolio over the review period, we initiated a holding in **Norwegian Cruise Lines Corporation, Ltd.** corporate bonds, which we felt were attractively priced. We did not exit any positions during the period. The investment team continues to work closely with abrdn fixed income specialists to monitor credits and market conditions.

## Revenue Account

Total revenue from equity holdings in the portfolio over the period rose over 15% to £9.1 million (the same period in 2021 - £7.9 million). The Company's holdings continued to build upon an established track record of dividend growth during the review period. Lender **OneMain Holdings** boosted its quarterly pay-out by 36%, representing a 10.5% annualised yield. Derivatives exchange operator **CME Group** raised its dividend by 11%, resulting in a 2.0% yield. Semiconductor vendor **Analog Devices** announced a 10% increase in its payment, equivalent to a 1.8% yield. Motor vehicle parts distributor **Genuine Parts** boosted its quarterly pay-out by 10%, with a yield of 2.3%. Aerospace and defence technology company **L3Harris Technologies** also raised its dividend by 10%, resulting in a 1.9% yield. **Royal Bank of Canada** raised its dividend by 9.6%, equivalent to a 4.0% annualised yield. Medical device maker **Medtronic** announced a 7.4% increase in its dividend, resulting in a 2.9% annualised yield. The oil and gas company **Phillips 66** raised its quarterly dividend by 5.1%, resulting in an annualised yield of 4.4%.

In addition, the Company received premiums totalling £2.0 million (same period in 2021 - £1.5 million) in exchange for entering into stock option transactions. This option income, the generation of which remains consistent with the Manager's company-focused investment process, represented 17.4% of total income (same period in 2021 - 15.7%). The Company continues to hold a small portfolio of corporate bonds and interest income from investments representing 0.7% of total income (2021 - 0.6%). Income from bonds and option premiums will remain secondary sources of income and dividends will continue to provide the main source of income available for distribution.

## Dividend

The Board is declaring a second quarterly dividend for the year to 31 January 2023 of 2.5p per share (2022- 1.9p), giving total dividends for the first half of the year of 5.0p per share (2022 - 3.8p). The increase reflects the change in the dividend payment policy announced last year, which works to even out the level of the quarterly dividends. The second quarterly dividend is payable on 28 October 2022 to shareholders on the register on 7 October 2022. It is expected that the third interim dividend, which will be paid in February 2023, will be 2.5p per share and the fourth interim dividend will continue to act as a balancing figure and will be determined once the income for the year has been determined. At the time of writing,

# Chair's Statement

## Continued

the strong dividend growth from the companies in the Company's portfolio, which was attributable to increased payouts as well as US dollar strength, gives the Board confidence that the dividend for the year will be covered by the net revenue return for the year.

### Management of Premium and Discount

The Company's share price rose by 5.3% to 298p and ended the half year at an 8.9% discount to total net asset value, compared with an 11.2% discount at the end of the 2022 financial year. Over the six month review period, the Company's shares mainly traded at a discount between -6.0% to -10%, on a cumulative income basis. During the period 441,185 shares were bought back and cancelled at a weighted average price of 281.9p and a weighted average discount of 11.7%. The total cost was £1.25 million. The Company has not bought back any shares since the period end.

### 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 2022 stood at 5.6% (31 January 2022 - 4.9%).

### Promotional Activity

The Board continues to promote the Company through a variety of engagement activities and initiatives, including the Manager's savings schemes through which savers can invest in the Company in a low-cost and convenient manner (see page 29). Up-to-date information about the Company, including monthly factsheets, interviews with the Manager and the latest net asset value and price of the Ordinary shares may be found on the Company's website [northamericanincome.co.uk](http://northamericanincome.co.uk) which has been updated and refreshed over the last couple of months.

### Board

On 1 July 2022 Patrick Edwardson was appointed a Director of the Company. Patrick has a wealth of investment management experience, including managing the Scottish American Investment Company plc for 10 years having worked for Baillie Gifford for 27 years. The Board look forward to working with him. He will stand for election to the Board at the Company's Annual General Meeting in June 2023.

### Outlook

The investment environment has become more challenging given the recession "warning signs" that are flashing, as well as the fact that a period of aggressive interest-rate tightening is well underway. However, periods of positive returns are possible during recessions particularly when companies become undervalued. Although July was overall a very positive month for the US equity market, there are still several headwinds, including the ongoing Russia-Ukraine conflict and questions over the ability of central banks globally to strike the right balance between bringing inflation under control and stymying economic growth.

The value of the portfolio and the strength of the revenue account were enhanced by the continuing strength of the US dollar relative to sterling, which approached parity in late September. The factors that drive relative exchange rate movements, including the ongoing structural impact of Brexit and the recent budget changes announced by the Chancellor of the Exchequer, could lead to an environment where the US dollar will maintain its relative strength against sterling in the near term. Your Manager believes that this latest move of sterling to the dollar is currently a benefit to the Company's net asset value; however, currency markets are inherently volatile.

We continue to engage with companies on ESG matters and monitor their evolution in this area. More information on your Manager's approach to ESG engagement can be found on pages 25 to 29 of the Company's Annual Report and at [abrdn.com/en/uk/investor/responsible-investing](http://abrdn.com/en/uk/investor/responsible-investing).

For now, we have been comforted by the strength of the second-quarter earnings season in the US and the fact that the management teams with whom the Manager has recently spoken remain reasonably confident in their forecasts for the current year.



**Dame Susan Rice**  
Chair  
26 September 2022



# Other Matters

## Principal Risks and Uncertainties

There are a number of risks which, 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
- Pandemic or Systemic Shock
- 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 12 to 15 of the 2022 Annual Report.

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 the volatility associated with the conflict in Ukraine, 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 2023.

## 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 2022 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  
26 September 2022

# Ten Largest Investments

As at 31 July 2022



## 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 (PBM), disease management, and administrative services.



## Omega Healthcare Investors

Omega Healthcare Investors, Inc. is a real estate investment trust (REIT). The Company invests in and provides financing to the long-term care industry. Omega operates healthcare facilities in the United States which are operated by independent healthcare operating companies.



## 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.



## Phillips 66

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



## Bristol-Myers Squibb

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



## Gaming & Leisure Properties

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



## Citigroup

Citigroup Inc. is a diversified financial services holding company that provides a broad range of financial services to consumer and corporate customers.



## Comcast

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



## 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.



## Air Products & Chemicals

Air Products and Chemicals, Inc. produces industrial atmospheric and specialty gases and performance materials and equipment. The Company's products include oxygen, nitrogen, argon, helium, specialty surfactants and amines, polyurethane, epoxy curatives, and resins.

# List of Investments

As at 31 July 2022

Company	Industry classification	Valuation £'000	Valuation %
CVS Health	Health Care Providers & Services	23,588	4.9
Omega Healthcare Investors	Equity Real Estate Investment Trusts (REITs)	20,380	4.2
Baker Hughes	Energy Equipment & Services	19,000	3.9
Phillips 66	Oil, Gas & Consumable Fuels	18,284	3.8
Bristol-Myers Squibb	Pharmaceuticals	18,189	3.7
Gaming & Leisure Properties	Equity Real Estate Investment Trusts (REITs)	17,089	3.5
Citigroup	Banks	17,060	3.5
Comcast	Media	16,958	3.5
MetLife	Insurance	16,632	3.4
Air Products & Chemicals	Chemicals	16,319	3.4
<b>Ten largest investments</b>		<b>183,499</b>	<b>37.8</b>
Philip Morris	Tobacco	15,967	3.3
L3 Harris Technologies	Aerospace & Defence	15,776	3.3
Medtronic	Health Care Equipment & Supplies	15,206	3.1
Emerson Electric	Electrical Equipment	14,803	3.1
Huntington Bancshares	Banks	14,197	2.9
Cisco Systems	Communications Equipment	14,168	2.9
Analog Devices	Semiconductors & Semiconductor Equipment	14,131	2.9
Hanesbrands	Textiles, Apparel & Luxury Goods	13,781	2.8
FMC	Chemicals	13,694	2.8
Cogent Communications	Diversified Telecommunication	13,109	2.7
<b>Twenty largest investments</b>		<b>328,331</b>	<b>67.6</b>
American International	Insurance	12,763	2.6
Gilead Sciences	Biotechnology	12,275	2.5
AbbVie	Biotechnology	11,793	2.4
Restaurant Brands International	Hotels, Restaurants & Leisure	9,912	2.1
Broadcom	Semiconductors & Semiconductor Equipment	9,901	2.1
Home Depot	Specialty Retail	9,892	2.0
CI Financial USD	Capital Markets	9,475	2.0
VF	Textiles, Apparel & Luxury Goods	9,179	1.9
TC Energy CAD	Oil, Gas & Consumable Fuels	8,757	1.8
Coca-Cola	Beverages	7,910	1.6
<b>Thirty largest investments</b>		<b>430,188</b>	<b>88.6</b>

## As at 31 July 2022

Company	Industry classification	Valuation £'000	Valuation %
OneMain	Consumer Finance	7,642	1.6
Hannon Armstrong Sustainable	Mortgage Real Estate Investment Trusts (REITS)	7,414	1.5
Texas Instruments	Semiconductors & Semiconductor Equipment	7,350	1.5
Royal Bank of Canada	Banks	7,207	1.5
JPMorgan Chase & Co.	Banks	7,110	1.5
Genuine Parts	Distributors	5,025	1.0
CME Group	Capital Markets	4,918	1.0
TC Energy USD	Oil, Gas & Consumable Fuels	4,382	0.9
CI Financial CAD	Capital Markets	1,893	0.4
Qwest Cap Funding 7.75% 15/02/31	Telecommunications	817	0.2
<b>Forty largest investments</b>		<b>483,946</b>	<b>99.7</b>
Goodyear Tire & Rubber 5% 15/07/29	Consumer Durables	747	0.2
NCL 5.875% 15/02/27	Consumer Discretionary	682	0.1
<b>Total investments</b>		<b>485,375</b>	<b>100.0</b>

# Geographical Analysis

As at 31 July 2022

Country	Equity %	Fixed interest %	Total %
Canada	8.7	-	8.7
USA	90.8	0.5	91.3
	99.5	0.5	100.0

# Investment Case Studies

## Emerson Electric

Emerson Electric is a diversified industrial company selling primarily electrical equipment into industrial and residential end markets. At the time of writing, Emerson Electric pays a 2.8% dividend and has raised the dividend for 65 consecutive years.

The company's Automation Solutions segment, at roughly two thirds of the business, includes automation instrumentation and software used in a variety of applications such as fluid processing (energy, industrial gasses, hydrogen, LNG) and product manufacturing (pharmaceuticals, food and beverage, automotive). The other segment consists mainly of power tools, HVAC products, and other home appliances. The company's automation expertise and narrow set of competitors has led to a sizable installed base of its equipment which generates a meaningful portion of replacement revenues and aftermarket service revenues.

The position in Emerson Electric was initiated due to its leading position in end markets poised for strong demand growth, something which was not being adequately reflected in the share price. Organic revenue growth has historically been in the 4-6% range which should accelerate closer to 10% over the medium term due to the need for greater production of LNG, hydrogen, oil and gas, and other energy resources. The company's robust internal decarbonisation targets have permeated its own product development, leveraging its process automation technology for clean energy end markets such as hydrogen, solar, and wind. This should allow the company to become a winner in the energy transition and help to drive clean energy technology costs down, maintaining its leading position in process automation. Lastly, continuous operational improvement and the exit of low-quality businesses has led to structurally higher earnings power on top of its growing revenue base which we view to be sustainable over time.



# Investment Case Studies

Continued



## MetLife ("MET")

Metlife provides life insurance, employee benefits, and financial services both in the US and internationally. MET has taken actions to simplify its business model in recent years, including spinning off Brighthouse in 2017, selling the P&C business to Farmers, and creating MetLife Holdings, a segment which includes run-off businesses such as variable annuities, defined contribution, and fixed annuities. What is left is a collection of businesses which the Manager believes have favourable growth characteristics (less capital markets and less macro sensitive) and that should provide a higher return profile.

The Manager believes that this level of growth can be sustained over the cycle driven by international growth, particularly in Latin America and China, where MET has strong distribution partnerships and the penetration of life insurance is lower than in developed countries. In addition, growth in the US will provide some support, mainly in Group insurance, where MET has a leading market share, but is still underpenetrated in small business.

Despite the strong growth and return characteristics, MET continues to trade at a discount to peers with less favourable growth and return profiles. The Manager believes that this discount will close over time. It sees material upside on a combination of sustained book value growth, a solid dividend yield, and an eventual multiple re-rating.



# Condensed Statement of Comprehensive Income (unaudited)

	Notes	Six months ended 31 July 2022			Six months ended 31 July 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net gains on investments		-	14,435	14,435	-	63,725	63,725
Net currency (losses)/gains		-	(1,337)	(1,337)	-	301	301
Income	2	11,219	324	11,543	9,379	221	9,600
Investment management fee		(464)	(1,082)	(1,546)	(452)	(1,056)	(1,508)
Administrative expenses	3	(401)	-	(401)	(376)	-	(376)
<b>Net return before finance costs and taxation</b>		<b>10,354</b>	<b>12,340</b>	<b>22,694</b>	<b>8,551</b>	<b>63,191</b>	<b>71,742</b>
Finance costs		(176)	(411)	(587)	(153)	(357)	(510)
<b>Return before taxation</b>		<b>10,178</b>	<b>11,929</b>	<b>22,107</b>	<b>8,398</b>	<b>62,834</b>	<b>71,232</b>
Taxation	4	(1,610)	235	(1,375)	(1,204)	92	(1,112)
<b>Return after taxation</b>		<b>8,568</b>	<b>12,164</b>	<b>20,732</b>	<b>7,194</b>	<b>62,926</b>	<b>70,120</b>
<b>Return per share (pence)</b>	6	<b>6.10</b>	<b>8.67</b>	<b>14.77</b>	5.05	44.21	49.26

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 2022 £'000	As at 31 January 2022 £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	11	485,375	470,974
<b>Current assets</b>			
Debtors and prepayments		1,391	5,712
Cash and short-term deposits		15,324	13,875
		16,715	19,587
<b>Creditors: amounts falling due within one year</b>			
Traded options	11	(367)	(24)
Other creditors		(1,892)	(4,883)
		(2,259)	(4,907)
<b>Net current assets</b>		14,456	14,680
<b>Total assets less current liabilities</b>		499,831	485,654
<b>Creditors: amounts falling due after more than one year</b>			
Senior Loan Notes		(41,014)	(37,191)
<b>Net assets</b>		458,817	448,463
<b>Capital and reserves</b>			
Called-up share capital		7,012	7,034
Share premium account		51,806	51,806
Capital redemption reserve		15,604	15,582
Capital reserve	8	361,300	350,388
Revenue reserve		23,095	23,653
<b>Total shareholders' funds</b>		458,817	448,463
<b>Net asset value per share (pence)</b>	9	327.18	318.79

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

# Condensed Statement of Changes in Equity (unaudited)

## Six months ended 31 July 2022

	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 (note 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>

## Six months ended 31 July 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 January 2021	7,151	51,806	15,465	277,403	23,591	375,416
Buyback of Ordinary shares	(72)	-	72	(3,743)	-	(3,743)
Return after taxation	-	-	-	62,926	7,194	70,120
Dividends paid (note 5)	-	-	-	-	(9,126)	(9,126)
<b>Balance at 31 July 2021</b>	<b>7,079</b>	<b>51,806</b>	<b>15,537</b>	<b>336,586</b>	<b>21,659</b>	<b>432,667</b>

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

# Condensed Statement of Cash Flows (unaudited)

	Six months ended 31 July 2022 £'000	Six months ended 31 July 2021 £'000
<b>Operating activities</b>		
Net return before taxation	22,107	71,232
Adjustments for:		
Net gains on investments	(14,667)	(63,685)
Net losses/(gains) on foreign exchange transactions	1,337	(301)
Increase in dividend income receivable	(681)	(248)
(Increase)/decrease in fixed interest income receivable	(23)	62
Increase/(decrease) in derivatives	343	(42)
(Increase)/decrease in other debtors	(24)	33
Increase/(decrease) in other creditors	849	(809)
Tax on overseas income	(1,357)	(1,112)
Amortisation of fixed income book cost	(4)	-
<b>Net cash flow from operating activities</b>	<b>7,880</b>	<b>5,130</b>
<b>Investing activities</b>		
Purchases of investments	(106,369)	(72,308)
Sales of investments	107,830	84,170
<b>Net cash flow from investing activities</b>	<b>1,461</b>	<b>11,862</b>
<b>Financing activities</b>		
Equity dividends paid	(9,126)	(9,126)
Buyback of Ordinary shares	(1,252)	(3,879)
<b>Net cash used in financing activities</b>	<b>(10,378)</b>	<b>(13,005)</b>
<b>(Decrease)/increase in cash</b>	<b>(1,037)</b>	<b>3,987</b>
<b>Analysis of changes in cash during the period</b>		
Opening balance	13,875	9,239
Effect of exchange rate fluctuations on cash held	2,486	(152)
(Decrease)/increase in cash as above	(1,037)	3,987
<b>Closing balance</b>	<b>15,324</b>	<b>13,074</b>

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

# Notes to the Financial Statements (unaudited)

For the year ended 31 July 2022

## 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 2022 £'000	Six months ended 31 July 2021 £'000
<b>Income from overseas listed investments</b>		
Dividend income	8,169	6,790
REIT income	972	1,059
Interest income from investments	76	59
	<b>9,217</b>	<b>7,908</b>
<b>Other income from investment activity</b>		
Traded option premiums	1,955	1,471
Deposit interest	47	-
	<b>2,002</b>	<b>1,471</b>
<b>Total income</b>	<b>11,219</b>	<b>9,379</b>

# Notes to the Financial Statements (unaudited)

## Continued

### 3. Administrative expenses

	Six months ended 31 July 2022 £'000	Six months ended 31 July 2021 £'000
Directors' fees	60	66
Secretarial fees	65	60
Promotional activities	107	86
Auditor's remuneration:		
– fees payable to the Company's auditor for the audit of the annual report	18	15
Custody and bank charges	14	10
Registrar's fees	16	17
Professional fees	17	28
Depository charges	23	21
Other expenses	81	73
	<b>401</b>	<b>376</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 2023 is 19% (2022 - 19%).

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

Taxation	Six months ended 31 July 2022			Six months ended 31 July 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
UK corporation tax	98	-	98	-	-	-
Double tax relief	(98)	-	(98)	-	-	-
Overseas tax suffered	1,308	49	1,357	1,079	33	1,112
Tax relief to capital	284	(284)	-	125	(125)	-
Deferred tax	84	-	84	18	-	18
Double tax relief on deferred tax items	(66)	-	(66)	(18)	-	(18)
<b>Total tax charge for the period</b>	<b>1,610</b>	<b>(235)</b>	<b>1,375</b>	<b>1,204</b>	<b>(92)</b>	<b>1,112</b>

## 5. Dividends

	Six months ended 31 July 2022 £'000	Six months ended 31 July 2021 £'000
3rd interim dividend for 2022 - 2.5p (2021 - 1.9p)	3,517	2,718
Final dividend for 2022 - 4.0p (2021 - 4.5p)	5,609	6,408
	<b>9,126</b>	9,126

The Company pays four dividends per year. The first interim dividend of 2.50p (2022 - 1.90p) for the year ending 31 January 2023 was paid on 5 August 2022 to shareholders on the register at 22 July 2022, with an ex-dividend date of 21 July 2022. A second interim dividend of 2.50p (2022 - 1.90p) for the year ending 31 January 2023, will be paid on 28 October 2022 to shareholders on the register at 7 October 2022, with an ex-dividend date of 6 October 2022.

## 6. Return per Ordinary share

	Six months ended 31 July 2022 £'000	Six months ended 31 July 2021 £'000
Based on the following figures:		
Revenue return	8,568	7,194
Capital return	12,164	62,926
<b>Total return</b>	<b>20,732</b>	70,120
<b>Weighted average number of shares in issue</b>	<b>140,335,159</b>	142,338,417
	<b>p</b>	<b>p</b>
Revenue return per Ordinary share	6.10	5.05
Capital return per Ordinary share	8.67	44.21
<b>Total return per Ordinary share</b>	<b>14.77</b>	49.26

# Notes to the Financial Statements (unaudited)

## Continued

### 7. Transaction costs

During the six months ended 31 July 2022 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 gains on investments in the Condensed Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 31 July 2022 £'000	Six months ended 31 July 2021 £'000
Purchases	30	36
Sales	66	57
	96	93

### 8. Capital reserve

The capital reserve reflected in the Condensed Statement of Financial Position at 31 July 2022 includes gains of £34,295,000 (31 January 2022 – gains £45,111,000) which relate to the revaluation of investments held at the reporting date.

### 9. Net asset value per Ordinary share

	As at 31 July 2022	As at 31 January 2022
Net assets attributable (£'000)	458,817	448,463
Number of Ordinary shares in issue	140,234,749	140,675,934
Net asset value per Ordinary share (p)	327.18	318.79

### 10. Analysis of changes in net debt

	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)



	At 31 January 2021 £'000	Currency differences £'000	Cash flows £'000	Non-cash movement £'000	At 31 July 2021 £'000
Cash and short-term deposits	9,239	(152)	3,987	-	13,074
Debt due after more than one year	(36,336)	453	-	(7)	(35,890)
	(27,097)	301	3,987	(7)	(22,816)

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

## 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.

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 2022	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)	483,129	-	-	483,129
Quoted bonds	b)	-	2,246	-	2,246
<b>Total</b>		<b>483,129</b>	<b>2,246</b>	<b>-</b>	<b>485,375</b>
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	c)	-	(367)	-	(367)
<b>Net fair value</b>		<b>483,129</b>	<b>1,879</b>	<b>-</b>	<b>485,008</b>

# Notes to the Financial Statements (unaudited)

## Continued

As at 31 January 2022	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)	469,332	-	-	469,332
Quoted bonds	b)	-	1,642	-	1,642
<b>Total</b>		469,332	1,642	-	470,974
<b>Financial liabilities at fair value through profit or loss</b>					
Derivatives	c)	-	(24)	-	(24)
<b>Net fair value</b>		469,332	1,618	-	470,950

- 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. Up to 30 April 2021 the annual management fee was charged at 0.75% of net assets up to £350 million, 0.6% between £350 million and £500 million, and 0.5% over £500 million, payable quarterly. From 1 May 2021 the annual management fee is charged at 0.75% of net assets up to £250 million, 0.6% between £250 million and £500 million, and 0.5% over £500 million, payable quarterly. The fee is allocated 30% to revenue and 70% to capital. During the period £1,546,000 (31 July 2021 - £1,508,000) of investment management fees were payable to the Manager, with a balance of £1,546,000 (31 July 2021 - £749,000) being due to aFML at the period end.

The secretarial fee of £129,000 per annum is chargeable 100% to revenue and is payable monthly in arrears. During the period £65,000 (31 July 2021 - £60,000) of secretarial fees were payable to the Manager, with a balance of £22,000 (31 July 2021 - £10,000) 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 2021 - £86,000) of fees were payable, with a balance of £72,000 (31 July 2021 - £100,000) 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

At the date of this Report, there were 140,234,749 Ordinary shares in issue, the same as at the period end.

### 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 2022 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 2022 and 31 July 2021 have not been audited or reviewed by the Company's auditor.

### 16. This Half-Yearly Financial Report was approved by the Board on 26 September 2022.

# 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 2022	31 January 2022
NAV per Ordinary share (p)	a	327.18p	318.79p
Share price (p)	b	298.00p	283.00p
Discount	(a-b)/a	8.9%	11.2%

## 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 2022	31 January 2022
Annual dividend per Ordinary share (p)	a	10.30p	10.30p
Share price (p)	b	298.00p	283.00p
Dividend yield	a/b	3.5%	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 2022	31 January 2022
Borrowings (£'000)	a	41,014	37,191
Cash (£'000)	b	15,324	13,875
Amounts due to brokers (£'000)	c	-	3,840
Amounts due from brokers (£'000)	d	-	5,031
Shareholders' funds (£'000)	e	458,817	448,463
<b>Net gearing</b>	(a-b+c-d)/e	<b>5.6%</b>	4.9%

## 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 2022 is based on forecast ongoing charges for the year ending 31 January 2023.

	31 July 2022	31 January 2022
Investment management fees (£'000)	3,123	3,033
Administrative expenses (£'000)	790	735
Less: non-recurring expenses <sup>A</sup> (£'000)	-	(10)
<b>Ongoing charges (£'000)</b>	<b>3,913</b>	<b>3,758</b>
<b>Average net assets (£'000)</b>	<b>454,449</b>	<b>429,283</b>
<b>Ongoing charges ratio (excluding look-through costs)</b>	<b>0.86%</b>	<b>0.88%</b>
<b>Look-through costs<sup>B</sup></b>	<b>0.07%</b>	<b>0.07%</b>
<b>Ongoing charges ratio (including look-through costs)</b>	<b>0.93%</b>	<b>0.95%</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 2022</b>		<b>NAV</b>	<b>Share Price</b>
Opening at 1 February 2022	a	<b>318.8p</b>	283.0p
Closing at 31 July 2022	b	<b>327.2p</b>	298.0p
Price movements	$c=(b/a)-1$	<b>2.6%</b>	5.3%
Dividend reinvestment <sup>A</sup>	d	<b>2.9%</b>	3.3%
<b>Total return</b>	c+d	<b>+5.5%</b>	+8.6%

<b>Year ended 31 January 2022</b>		<b>NAV</b>	<b>Share Price</b>
Opening at 1 February 2021	a	<b>262.5p</b>	234.0p
Closing at 31 January 2022	b	<b>318.8p</b>	283.0p
Price movements	$c=(b/a)-1$	<b>21.5%</b>	20.9%
Dividend reinvestment <sup>A</sup>	d	<b>4.2%</b>	4.7%
<b>Total return</b>	c+d	<b>+25.7%</b>	+25.6%

<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

## Direct

Investors can buy and sell shares in The North American Income Trust plc (the "Company") directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for retail clients, shares may be bought directly through abrdrn Trust Share Plan, Individual Savings Account ("ISA") or Investment Plan for Children.

## abrdrn Investment Trust Share Plan

abrdrn operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing abrdrn in writing at any time.

## abrdrn Investment Trust ISA

abrdrn operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2022/23.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

## ISA Transfer

You can choose to transfer previous tax year investments to be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment trust of £250.

## abrdrn Investment Plan for Children

abrdrn operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to eligibility criteria as stated within terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing abrdrn in writing at any time.

## Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in abrdrn Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

## Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2022/23 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

## 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).

# Investor Information

## Continued

### 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 growth prospects of north American companies by investment in a relatively risk averse 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 North American Income Trust plc 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.

### Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times and information on the Company 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.

If investors would like details on the Company or literature and application forms on abrdn investment trust products please contact:

abrdn Investment Trusts  
PO Box 11020  
Chelmsford  
Essex CM99 2DB

Telephone: **0808 500 00 40**  
E-mail: [inv.trusts@abrdn.com](mailto:inv.trusts@abrdn.com)  
Website: [invtrusts.co.uk](http://invtrusts.co.uk)

Terms and conditions for the abrdn investment trust products can be found under the Literature section of this website.

### Registrar

If you have an administrative query which relates to a direct shareholding, please contact the Company's Registrar, Computershare Investor Services PLC (see page 33 for details).

### LinkedIn:

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

### Online Dealing providers and platforms

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company, such as self-invested personal pension (SIPP). Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines.

### 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).

### Financial Advisers

To find an adviser who recommends 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)



## 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 below.

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

**[fca.org.uk/consumers/scams](https://www.fca.org.uk/consumers/scams)**

*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 Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.*

### 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.



# Contact Addresses

## Directors

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

## Manager

abrdr Fund Managers Limited  
Bow Bells House  
1 Bread Street  
London  
EC4M 9HH

(Authorised and regulated by the Financial Conduct Authority)

### Manager – Customer Services Department

Telephone: **0808 500 0040**  
(Lines open 9.00 am to 5.00 pm, Monday to Friday)  
Email: [inv.trusts@abrdr.com](mailto:inv.trusts@abrdr.com)

## Investment Manager

abrdr 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

Aberdeen Asset Management PLC  
1 George Street  
Edinburgh  
EH2 2LL

Email: [CEF.CoSec@abrdr.com](mailto:CEF.CoSec@abrdr.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

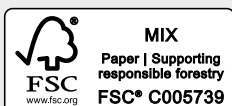
BNP Paribas Trust Corporation UK Limited  
10 Harewood Avenue  
London, NW1 6AA

## 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)

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