

BMO UK High Income Trust PLC

Interim Report for the
six months ended
30 September 2019



BMO



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Forward-looking statements

This interim report may contain forward-looking statements with respect to the financial condition, results of operations and business of the Company. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current view and on information known to them at the date of this report. Nothing should be construed as a profit forecast.



Company Overview

BMO UK High Income Trust PLC (the "Company") is an investment trust and its shares are listed on the London Stock Exchange.

Investment Objective

The investment objective of the Company is to provide an attractive return to shareholders each year in the form of dividends and/or capital repayments, together with prospects for capital growth.

In pursuit of its objective, the Company invests predominantly in UK equities and equity-related securities of companies across the market capitalisation spectrum.

Capital Structure

The Company has two classes of shares: Ordinary shares and B shares. The rights of each class are identical, save in respect of the right to participate in distributions of dividends and capital. The net asset value attributable to each class of shares is the same.

Only Ordinary shares are entitled to dividends paid by the Company. B shares, instead of receiving dividends, receive a capital repayment at the same time as, and in an amount equal to, each dividend paid on the Ordinary shares.

Shares may be held and traded within units, each unit comprises three Ordinary shares and one B share.

Visit our website at bmoukhighincome.com

Company registration number SC314671
Legal Entity Identifier: 213800B7D5D7RVZZPV45

Financial Highlights for the six months

+4.7%

NAV total return⁽¹⁾

Net asset value total return per share for the six months was 4.7%, ahead of the Benchmark⁽²⁾ total return of 4.6%

5.5%

Yield⁽¹⁾ on Ordinary Shares and B Shares

Expected distribution yield of 5.5% on Ordinary shares and B shares at 30 September 2019, compared to the yield on the FTSE All-Share Index of 4.2%

+3.2%

Distributions paid quarterly

Interim distributions in respect of the period increased by 3.2% compared to the prior year

⁽¹⁾ Yield and total return – See Alternative Performance Measures on page 20.

⁽²⁾ Benchmark – From launch on 1 March 2007, the Company's benchmark index was the FTSE All-Share Capped 5% Index. Following shareholder approval at the Company's AGM on 5 July 2018, the benchmark was changed to the FTSE All-Share Index.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested. Tax benefits may vary as a result of statutory changes and their value will depend on individual circumstances.

Summary of Performance

| Total Return ⁽¹⁾ | Six months to 30 September 2019 | Year to 31 March 2019 |
|--|---------------------------------|-----------------------|
| Net asset value total return per Ordinary share, B share and Unit ⁽³⁾ | 4.7% | 3.5% |
| Benchmark ⁽²⁾ total return | 4.6% | 6.0% |

| | 30 September 2019 | 31 March 2019 | % Change |
|--|-------------------|---------------|----------|
| Distribution yield⁽¹⁾ | | | |
| Ordinary shares | 5.5% | 5.3% | |
| B shares | 5.5% | 5.3% | |
| Capital | | | |
| Net assets | £122.8m | £120.1m | +2.2 |
| Net asset value per Ordinary share and B share | 104.66p | 102.39p | +2.2 |
| Net asset value per unit | 418.64p | 409.56p | +2.2 |
| FTSE All-Share Index | 4,061.74 | 3,978.28 | +2.1 |
| Ordinary share price | 94.0p | 95.0p | (1.1) |
| B share price | 95.5p | 95.0p | +0.5 |
| Unit price ⁽³⁾ | 374.0p | 373.0p | +0.3 |
| Discount⁽¹⁾ | | | |
| Ordinary shares | (10.2)% | (7.2)% | |
| B shares | (8.8)% | (7.2)% | |
| Units ⁽³⁾ | (10.7)% | (8.9)% | |
| Gearing⁽⁴⁾ | | | |
| Net Gearing | 2.8% | 4.3% | |

⁽¹⁾ Total return, Yield and Discount – see Alternative Performance Measures on page 20.

⁽²⁾ Benchmark – see definition on page 4.

⁽³⁾ A unit consists of three Ordinary shares and one B share.

⁽⁴⁾ The gearing figure indicates the extra amount by which shareholders' funds would rise or fall if total assets were to rise or fall. A figure of zero per cent means that the Company has a nil geared position.

Net gearing = the percentage figure of investments held divided by assets attributable to shareholders.

Sources: BMO and Refinitiv Eikon

Chairman's Statement



J M Evans Chairman

Investment performance

For the six months to 30 September 2019 the net asset value total return for the Ordinary shares and B shares was 4.7% which was marginally ahead of the 4.6% total return for the FTSE All-Share Index, the benchmark.

As explained in recent reports, the Manager has now concentrated the investment portfolio and, in the process, improved the quality of the holdings. He now feels that at around 35 holdings, we have the appropriate balance between diversification and conviction. Through this process the Manager has also delivered a contrarian stance for an Income fund, in terms of the stocks owned and the portfolio construction. This is not a traditional value stance as the Manager is underweight in sectors including banks and utilities. He seeks to own quality business models that are out of favour with the market, due to their cycle or concerns around the UK backdrop. This style, in terms of performance, has been compounded by the Manager's decision to continue reducing firstly the exposure to the mega-cap companies, which are deemed by the market to be safe-haven assets, and secondly reducing the expensive growth stocks, that have continued to perform well in the current uncertain environment. This stance has been rewarded in September and October, where the portfolio delivered significant outperformance versus the benchmark. It is too early to call this a trend but the rhetoric around Brexit and domestic UK companies being too cheap if a resolution is reached,

has driven a sharp rebound in some of the portfolio's larger positions.

Despite the Manager's contrarian stance, over this six-month period the Company has performed in line with the market, which is testament to the stock-selection. Given the composition of the portfolio, we would however expect a disconnect from the benchmark and within this period, shorter term performance did deviate. From the Board's perspective it is also pleasing to see the shift in focus deliver a better balance between capital and dividends over the long term.

Earnings, dividends and capital distributions

The revenue return per share for the six months to 30 September 2019 was 1.78p per share as compared to 1.72p per share in the comparable period in 2018.

Movements in the sterling exchange rate, most notably against the US dollar, have an important influence on the Company's revenue, as approximately 15% of the Company's income comes from UK-listed companies that declare dividends in US dollars. While growth in underlying dividends has continued, income at the half year has also been assisted by the continued weakness of sterling against the US dollar.

In the absence of unforeseen circumstances, it is intended that the Company's aggregate dividend for the year ending 31 March 2020 will be 5.21p per share,

which would represent an increase of 3.4% compared to the prior year (2019: 5.04p per share).

The first three quarterly dividends will be paid in equal instalments of 1.29p per share and a fourth quarterly dividend of 1.34p per share is expected to be paid to Ordinary shareholders. B Shareholders will receive capital repayments of the same amount per share at the same time as dividends are received by Ordinary shareholders.

The expected annual distribution level represents a yield for Ordinary shareholders and B shareholders of 5.5% based on share prices as at 30 September 2019. This yield compares favorably with the yield on the FTSE All-Share Index of 4.2% at that date.

After providing for the second quarter dividend, the Company had revenue reserves of £5.2m at 30 September 2019 (approximately 6.00p per Ordinary share or 115% of the expected current annual dividend cost).

Discount and buy backs

The Company's Ordinary share price and B share price stood at a discount to net asset value of 10.2% and 8.8% respectively at 30 September 2019.

Over the six-month period, the price of the Company's Ordinary shares and B shares traded at an average discount to net asset value of 8.4% and 8.8% respectively.

During the six-month period, the Company did not buy back any Ordinary shares or B shares. Following the period end, 255,491 Ordinary shares and 117,953 B shares were bought back at a discount of approximately 13% to the prevailing net asset value at the time of purchase.

Board changes

Following the Annual General Meeting on 9 July 2019, the Chairman Iain McLaren retired from the Board and I was pleased to accept the Board's invitation to become Chairman. Iain was a Director of your company for

ten years, of which eight were as Chairman. I would like to thank Iain for his exceptional contribution and commitment to the Company throughout the period of his appointment.

By the time we reach the Company's year end in March 2020, two of the current non-executive directors will have served on the Board for more than nine years and reflecting this position the Nomination Committee is currently undertaking a recruitment process. The Board is committed to maintaining the highest levels of corporate governance in terms of the independence and diversity of its members. The current refreshment of your Board seeks to achieve its longer-term goals whilst balancing the need to ensure an adequate level of continuity and experience on the board.

Change of broker

In October 2019, the Company appointed Panmure Gordon (UK) Limited to act as the Company's sole corporate broker and financial adviser.

Outlook

In the full-year report the Chairman reminded investors of the patience needed to see the Manager's style come to fruition. While the period in question has seen performance track in line with the benchmark, we have seen a significantly more positive contribution in September and October. This more optimistic backdrop was driven by a potential Brexit resolution, however further uncertainty now exists with the General Election process underway in the UK.

Despite this backdrop there has recently been an increase in the level of corporate activity in the UK which may be another indicator that good value exists in this asset class and it is encouraging that a wider range of investors appear to share this view.

John Evans
Chairman

5 December 2019

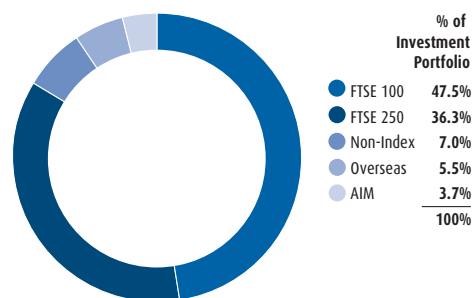
Classification of Investments

At 30 September 2019

The following table shows, at 30 September 2019, the percentage weightings by sector of the investment portfolio in comparison to the FTSE All-Share Index.

| Investment Portfolio by Sector | | |
|--------------------------------|-----------------------------------|------------------------------------|
| Sector | 2019 % Total investments | 2019 FTSE All-Share Index |
| Financials | 33.8 | 25.6 |
| Consumer Goods | 20.8 | 14.3 |
| Consumer Services | 16.2 | 12.0 |
| Healthcare | 6.9 | 9.4 |
| Oil & Gas | 6.5 | 13.2 |
| Industrials | 5.8 | 11.7 |
| Basic Materials | 5.4 | 7.4 |
| Technology | 2.6 | 1.0 |
| Utilities | 2.0 | 2.7 |
| Telecommunications | - | 2.7 |
| Total | 100.0 | 100.0 |

Investment Portfolio analysis by Index as at 30 September 2019



Source: BMO

Investment Portfolio

At 30 September 2019

| Company | Sector | Market Value £'000 | % of total investments |
|--------------------------------------|--|-----------------------|---------------------------|
| GlaxoSmithKline | Health Care - Pharmaceuticals & Biotechnology | 8,744 | 6.9 |
| British American Tobacco | Consumer Goods - Tobacco | 8,340 | 6.6 |
| RELX | Consumer Services - Media | 7,350 | 5.8 |
| Compass Group | Consumer Services - Travel & Leisure | 5,353 | 4.3 |
| Close Brothers Group | Financials - Banks | 5,206 | 4.1 |
| Prudential | Financials - Life Insurance | 5,055 | 4.0 |
| Royal Dutch Shell | Oil & Gas - Oil & Gas Producers | 4,835 | 3.8 |
| Intermediate Capital Group | Financials - Financial Services | 4,433 | 3.5 |
| Kerry Group | Consumer Goods - Food Producers | 4,373 | 3.5 |
| Cairn Homes | Consumer Goods - Household Goods & Home Construction | 4,261 | 3.4 |
| Ten largest investments | | 57,950 | 45.9 |
| Beazley | Financials - Non-Life Insurance | 3,858 | 3.1 |
| BBA Aviation | Industrials - Industrial Transportation | 3,855 | 3.1 |
| Phoenix Group Holdings | Financials - Life Insurance | 3,788 | 3.0 |
| Brewin Dolphin | Financials - Financial Services | 3,578 | 2.8 |
| Neinor Homes | Financials - Real Estate Investment & Services | 3,575 | 2.8 |
| Melrose Industries | Industrials - Industrial Engineering | 3,458 | 2.7 |
| Rio Tinto | Basic Materials - Mining | 3,436 | 2.7 |
| BP | Oil & Gas - Oil & Gas Producers | 3,329 | 2.7 |
| Lenzing | Basic Materials - Chemicals | 3,318 | 2.6 |
| Bovis Homes Group | Consumer Goods - Household Goods & Home Construction | 3,258 | 2.6 |
| Twenty largest investments | | 93,403 | 74.0 |
| Sophos Group | Technology - Software & Computer Services | 3,234 | 2.6 |
| Berkeley Group Holdings | Consumer Goods - Household Goods & Home Construction | 3,228 | 2.5 |
| Wizz Air Holdings | Consumer Services - Travel & Leisure | 3,162 | 2.5 |
| LondonMetric Property | Financials - Real Estate Investment Trusts | 3,140 | 2.5 |
| HSBC Holdings | Financials - Banks | 2,918 | 2.3 |
| Imperial Brands | Consumer Goods - Tobacco | 2,873 | 2.3 |
| Pennon Group | Utilities - Gas, Water & Multiutilities | 2,541 | 2.0 |
| Jupiter Fund Management | Financials - Financial Services | 2,505 | 2.0 |
| ASOS | Consumer Services - General Retailers | 2,387 | 1.9 |
| Burford Capital | Financials - Financial Services | 2,304 | 1.8 |
| Thirty largest investments | | 121,695 | 96.4 |
| Just Eat | Consumer Services - General Retailers | 2,137 | 1.7 |
| Legal & General Group | Financials - Life Insurance | 2,107 | 1.7 |
| Investors Securities Company Limited | N/A (subsidiary undertaking) | 250 | 0.2 |
| Total investments | | 126,189 | 100.0 |

Condensed Unaudited Statement of Financial Position

| As at | | 30 September 2019 | 30 September 2018 | 31 March 2019* |
|-------|---|-------------------|-------------------|----------------|
| | | £'000 | £'000 | £'000 |
| Notes | Non-current assets | | | |
| | 9 Investments held at fair value through profit or loss | 126,189 | 132,418 | 125,259 |
| | | 126,189 | 132,418 | 125,259 |
| | Current assets | | | |
| | Receivables | 471 | 3,231 | 1,696 |
| | Cash and cash equivalents | 5,290 | 1,177 | 1,204 |
| | | 5,761 | 4,408 | 2,900 |
| | Total assets | 131,950 | 136,826 | 128,159 |
| | Current liabilities | | | |
| | Payables | (1,675) | (2,097) | (554) |
| | | (1,675) | (2,097) | (554) |
| | Non-current liabilities | | | |
| 10 | Bank loan | (7,500) | (7,500) | (7,500) |
| | | (7,500) | (7,500) | (7,500) |
| | Total liabilities | (9,175) | (9,597) | (8,054) |
| | Net assets | 122,775 | 127,229 | 120,105 |
| | Capital and reserves | | | |
| 11 | Share capital | 134 | 134 | 134 |
| | Share premium | 153 | 153 | 153 |
| | Capital redemption reserve | 5 | 5 | 5 |
| | Buy back reserve | 81,643 | 82,190 | 81,643 |
| | Special capital reserve | 15,742 | 17,315 | 16,540 |
| | Capital reserves | 18,801 | 21,246 | 15,197 |
| | Revenue reserve | 6,297 | 6,186 | 6,433 |
| | Equity shareholders' funds | 122,775 | 127,229 | 120,105 |
| 12 | Net asset value per Ordinary share | 104.66p | 107.91p | 102.39p |
| 12 | Net asset value per B share | 104.66p | 107.91p | 102.39p |

Approved by the Board, and authorised for issue, on 5 December 2019 and signed on its behalf by:

John Evans, Director

*these figures are audited.

Condensed Unaudited Statement of Changes in Equity

| For the six months to 30 September 2019 | | Share Capital £'000 | Share Premium £'000 | Capital Redemption Reserve £'000 | Buy back Reserve £'000 | Special Capital Reserve £'000 | Capital Reserves £'000 | Revenue Reserve £'000 | Total £'000 |
|---|--|---------------------|---------------------|----------------------------------|------------------------|-------------------------------|------------------------|-----------------------|-------------|
| Notes | Balance as at 1 April 2019 | 134 | 153 | 5 | 81,643 | 16,540 | 15,197 | 6,433 | 120,105 |
| | Profit for the period | - | - | - | - | - | 3,604 | 2,092 | 5,696 |
| 8 | Dividends paid on Ordinary shares | - | - | - | - | - | - | (2,228) | (2,228) |
| 8 | Capital returns paid on B shares | - | - | - | - | (798) | - | - | (798) |
| | Balance as at 30 September 2019 | 134 | 153 | 5 | 81,643 | 15,742 | 18,801 | 6,297 | 122,775 |

| For the six months to 30 September 2018 | | Share Capital £'000 | Share Premium £'000 | Capital Redemption Reserve £'000 | Buy back Reserve £'000 | Special Capital Reserve £'000 | Capital Reserves £'000 | Revenue Reserve £'000 | Total £'000 |
|---|--|---------------------|---------------------|----------------------------------|------------------------|-------------------------------|------------------------|-----------------------|-------------|
| Notes | Balance as at 1 April 2018 | 134 | 153 | 5 | 82,190 | 18,089 | 15,426 | 6,328 | 122,325 |
| | Profit for the period | - | - | - | - | - | 5,820 | 2,032 | 7,852 |
| 8 | Dividends paid on Ordinary shares | - | - | - | - | - | - | (2,174) | (2,174) |
| 8 | Capital returns paid on B shares | - | - | - | - | (774) | - | - | (774) |
| | Balance as at 30 September 2018 | 134 | 153 | 5 | 82,190 | 17,315 | 21,246 | 6,186 | 127,229 |

| For the year to 31 March 2019* | | Share Capital £'000 | Share Premium £'000 | Capital Redemption Reserve £'000 | Buy back Reserve £'000 | Special Capital Reserve £'000 | Capital Reserves £'000 | Revenue Reserve £'000 | Total £'000 |
|--------------------------------|------------------------------------|---------------------|---------------------|----------------------------------|------------------------|-------------------------------|------------------------|-----------------------|-------------|
| Notes | Balance as at 1 April 2018 | 134 | 153 | 5 | 82,190 | 18,089 | 15,426 | 6,328 | 122,325 |
| | (Loss)/profit for the year | - | - | - | - | - | (229) | 4,451 | 4,222 |
| | Shares bought back for treasury | - | - | - | (547) | - | - | - | (547) |
| 8 | Dividends paid on Ordinary shares | - | - | - | - | - | - | (4,346) | (4,346) |
| 8 | Capital returns paid on B shares | - | - | - | - | (1,549) | - | - | (1,549) |
| | Balance as at 31 March 2019 | 134 | 153 | 5 | 81,643 | 16,540 | 15,197 | 6,433 | 120,105 |

*these figures are audited.

Condensed Unaudited Cash Flow Statement

| | Six months to 30 September 2019 £'000 | Six months to 30 September 2018 £'000 | Year to 31 March 2019* £'000 |
|--|--|--|---------------------------------------|
| Net cash inflow from operating activities | 2,793 | 2,284 | 3,671 |
| Net cash inflow from investing activities | 4,424 | 368 | 2,598 |
| Net cash outflow from financing activities | (3,123) | (3,048) | (6,635) |
| Net Increase/(decrease) in cash and cash equivalents | 4,094 | (396) | (366) |
| Currency (losses)/gains | (8) | 10 | 7 |
| Net cash and cash equivalents at beginning of period | 1,204 | 1,563 | 1,563 |
| Net cash and cash equivalents at end of period | 5,290 | 1,177 | 1,204 |

*these figures are audited.

Notes to the Condensed Financial Statements (unaudited)

1. Accounting Policies

The condensed unaudited financial statements have been prepared on a going concern basis and in accordance with *IAS 34 Interim Financial Reporting* and the accounting policies set out in the statutory financial statements of the Company for the year ended 31 March 2019. The condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 March 2019, which were prepared under full IFRS requirements to the extent that they have been adopted by the European Union.

2. Income for the period is derived from:

| | 30 September 2019 £'000 | 30 September 2018 £'000 | 31 March 2019 £'000 |
|--------------------|-------------------------------|-------------------------------|---------------------------|
| Equity investments | 2,472 | 2,386 | 5,207 |
| Deposit interest | 7 | 3 | 7 |
| Other income | - | 5 | 5 |
| | 2,479 | 2,394 | 5,219 |

- The Company's investment manager BMO Investment Business Limited receives an investment management fee of 0.65 per cent per annum of the net asset value of the Company payable quarterly in arrears.
- The taxation charge for the period represents withholding tax suffered on overseas dividend income.
- The earnings per share are based on the net profit/(loss) for the period and on 117,304,847 shares (period to 30 September 2018 - 117,904,847; year to 31 March 2019 - 117,881,285), being the weighted average number of shares in issue during the period.
- Earnings for the six months to 30 September 2019 should not be taken as a guide to the results of the full year.
- The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single segment of business, of investing in equity securities, and that therefore the Company has only a single operating segment. The Board of Directors, as a whole, has been identified as constituting the chief operating decision maker of the Company. The key measure of performance used by the Board to assess the Company's performance is the total return on the Company's net asset value as calculated under IFRS and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the condensed financial statements.

Notes to the Condensed Financial Statements (unaudited) (continued)

8. Dividends and capital repayments

| | Payment date | Six months to 30 September 2019 £'000 | Six months to 30 September 2018 £'000 | Year to 31 March 2019 £'000 |
|---|--------------|--|--|--------------------------------|
| In respect of the previous period: | | | | |
| Fourth interim dividend at 1.29p (2018: 1.25p) per Ordinary share | 3-May-19 | 1,114 | 1,087 | 1,087 |
| Fourth capital repayment at 1.29p (2018: 1.25p) per B share | 3-May-19 | 399 | 387 | 387 |
| In respect of the period under review: | | | | |
| First interim dividend at 1.29p (2019: 1.25p) per Ordinary share | 2-Aug-19 | 1,114 | 1,087 | 1,087 |
| First capital repayment at 1.29p (2019: 1.25p) per B share | 2-Aug-19 | 399 | 387 | 387 |
| Second interim dividend (2019: 1.25p) per Ordinary share | | - | - | 1,086 |
| Second capital repayment (2019: 1.25p) per B share | | - | - | 387 |
| Third interim dividend (2019: 1.25p) per Ordinary share | | - | - | 1,086 |
| Third capital repayment (2019: 1.25p) per B share | | - | - | 388 |
| | | 3,026 | 2,948 | 5,895 |

A second interim dividend for the year to 31 March 2020, of 1.29p per Ordinary share, was paid on 1 November 2019 to Ordinary shareholders on the register on 4 October 2019. A second quarter capital repayment of 1.29p per B share was paid on 1 November 2019 to B shareholders on the register on 4 October 2019. Although these payments relate to the period ended 30 September 2019, under IFRS they will be accounted for in the six months to 31 March 2020, being the period during which they are paid.

9. Investments held at fair value through profit or loss

| | Listed/ Quoted (Level 1) £'000 | Subsidiary/ Unlisted (Level 3) £'000 | Total £'000 |
|---|---|---|----------------|
| Opening book cost | 109,783 | 250 | 110,033 |
| Opening unrealised gains | 15,226 | - | 15,226 |
| Opening valuation | 125,009 | 250 | 125,259 |
| Movement in the period: | | | |
| Purchases at cost | 7,383 | - | 7,383 |
| Sales – proceeds | (10,418) | - | (10,418) |
| Sales – gains on sales | 3,141 | - | 3,141 |
| Increase in unrealised gains | 824 | - | 824 |
| Closing valuation at 30 September 2019 | 125,939 | 250 | 126,189 |
| Closing book cost at 30 September 2019 | 109,889 | 250 | 110,139 |
| Closing unrealised gains at 30 September 2019 | 16,050 | - | 16,050 |
| Closing valuation at 30 September 2019 | 125,939 | 250 | 126,189 |

9. Investments held at fair value through profit or loss (continued)

Accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of financial instruments depends on the lowest significant applicable input, as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 – other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly. The Company held no such instruments during the period under review.
- Level 3 – techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data. The Company's investment in its subsidiary undertaking, Investors Securities Company Limited, is included in level 3 and is valued at its equity value.

There were no transfers between levels of the fair value hierarchy during the six months ended 30 September 2019.

10. The Company has a £7.5 million unsecured term loan from Scotiabank Europe plc with a five year term to 28 September 2022 and at a fixed interest rate of 2.58 per cent per annum. The Company also has a £7.5 million unsecured multicurrency revolving credit facility ("RCF") with Scotiabank (Ireland) Designated Activity Company, available until 28 September 2022. £nil of the RCF was drawn down at 30 September 2019 (30 September 2018 – £nil; 31 March 2019 – £nil). During the period there were no changes in the amount borrowed and therefore no change in liabilities arising from financing activities.

The fair value of the £7.5 million term loan, calculated using a discounted cashflow technique, is not materially different from the value reflected in the Unaudited Statement of Financial Position.

11. Share capital Allotted, issued and fully paid

| | Listed Number | £ | Held in Treasury Number | £ | In Issue Number | £ |
|-------------------------------------|--------------------|----------------|----------------------------|-----------------|--------------------|----------------|
| Ordinary Shares of 0.1p each | | | | | | |
| Balance at 1 April 2019 | 102,067,144 | 102,067 | (15,739,000) | (15,739) | 86,328,144 | 86,328 |
| Repurchased to be held in treasury | - | - | - | - | - | - |
| Balance at 30 September 2019 | 102,067,144 | 102,067 | (15,739,000) | (15,739) | 86,328,144 | 86,328 |
| B Shares of 0.1p each | | | | | | |
| Balance at 1 April 2019 | 32,076,703 | 32,077 | (1,100,000) | (1,100) | 30,976,703 | 30,977 |
| Repurchased to be held in treasury | - | - | - | - | - | - |
| Balance at 30 September 2019 | 32,076,703 | 32,077 | (1,100,000) | (1,100) | 30,976,703 | 30,977 |
| Total at 30 September 2019 | 134,143,847 | 134,144 | (16,839,000) | (16,839) | 117,304,847 | 117,305 |

Notes to the Condensed Financial Statements (unaudited) (continued)

11. Share capital (continued)

The Company did not buy back any Ordinary shares or B shares to hold in treasury during the period (period to 30 September 2018 – nil Ordinary shares and nil B shares; year to 31 March 2019 – 600,000 Ordinary shares and nil B shares). The Company did not resell any Ordinary shares or B shares from treasury and did not issue any new shares during the period (period to 30 September 2018 – nil Ordinary or B Shares; year to 31 March 2019 – nil Ordinary or B shares).

At 30 September 2019 the Company held 15,739,000 Ordinary shares and 1,100,000 B shares in treasury (30 September 2018 – 15,139,000 Ordinary shares and 1,100,000 B shares; 31 March 2019 – 15,739,000 Ordinary shares and 1,100,000 B shares).

12. The net asset value per share is based on shareholders' funds at the period end and on 86,328,144 Ordinary shares and 30,976,703 B shares, being the number of shares in issue at the period end (30 September 2018 – 86,928,144 Ordinary shares and 30,976,703 B shares; 31 March 2019 – 86,328,144 Ordinary shares and 30,976,703 B shares).

13. The fair values of the Company's financial assets and liabilities are not materially different from their carrying values in the financial statements.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's financial statements for the year ended 31 March 2019.

14. Going concern

In assessing the going concern basis of accounting the Directors have had regard to the guidance issued by the Financial Reporting Council and have undertaken a rigorous review of the Company's ability to continue as a going concern. As part of that review the Board has considered the ongoing uncertainties regarding Brexit and does not consider that any related outcome would affect the Company's ability to continue as a going concern.

The Company's investment objective and policy, which is subject to regular Board monitoring processes, is designed to ensure that the Company is invested mainly in liquid, listed securities. The Company retains title to all assets held by its custodian, and has agreements relating to its borrowing facilities with which it has complied. Cash is held only with banks approved and regularly reviewed by the Manager.

As part of the going concern review, the Directors noted that borrowing facilities of a £7.5 million fixed term loan and a £7.5 million revolving credit facility are committed to the Company until 28 September 2022.

The Directors believe, in the light of the controls and review processes noted above and bearing in mind the nature of the Company's business and assets, that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

15. Related party transactions

The Directors of the Company are considered a related party. There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or performance of the Company during the period and there have been no changes in the related party transactions described in the last Annual Report that could do so.

16. The Company's auditor, Deloitte LLP, has not audited or reviewed the Interim Report to 30 September 2019 pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'. These are not full statutory financial statements in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory financial statements for the year ended 31 March 2019, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. The condensed financial statements shown for the year ended 31 March 2019 are an extract from those financial statements. No full statutory financial statements in respect of any period after 31 March 2019 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

Most of the Company's principal risks and uncertainties that could threaten its objective, strategy, future performance, liquidity and solvency are market related and comparable to those of other investment trusts investing primarily in listed securities.

These risks, and the way in which they are managed, are described under the heading 'Principal Risks and Uncertainties and Viability Statement' within the Strategic Report in the Company's Annual Report for the year ended 31 March 2019.

The Company's principal risks and uncertainties have not changed materially since the date of that report

and are not expected to change materially for the remainder of the Company's financial year.

The most important types of risk associated with financial instruments are credit risk, market risk, liquidity risk, interest rate risk and foreign currency risk. Other risks faced by the Company include investment and strategic, regulatory, operational and custody risks. These include risks in relation to failures at service providers or loss or sabotage of data through cyber threats or business continuity failure.

Statement of Directors' Responsibilities in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Chairman's Statement and the Statement of Principal Risks and Uncertainties (together constituting the Interim Management Report) include a fair review of the information required by the Disclosure Guidance and Transparency Rules ('DTR') 4.2.7R, 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;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the principal risks

and uncertainties for the remainder of the financial year; and

- the Chairman's Statement together with the condensed set of financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board

John Evans
Director

5 December 2019

Alternative Performance Measures (“APMs”)

The Company uses the following APMs:

Discount/Premium – the share price of an investment company is derived from buyers and sellers trading their shares on the stock market. This price is not identical to the net asset value (NAV) per share of the underlying assets less liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading at a discount. This usually indicates that there are more sellers of shares than buyers. Shares trading at a price above NAV per share are deemed to be at a premium usually indicating there are more buyers of shares than sellers.

| | | 30 September 2019 | | | 31 March 2019 | | |
|----------------------------|-----|-------------------|----------|---------|-----------------|----------|---------|
| | | Ordinary shares | B shares | Units | Ordinary shares | B shares | Units |
| Net asset value per share | (a) | 104.66p | 104.66p | 418.64p | 102.39p | 102.39p | 409.56p |
| Share price | (b) | 94.0p | 95.5p | 374.0p | 95.0p | 95.0p | 373.0p |
| (Discount) $(c=(b-a)/(a))$ | (c) | (10.2)% | (8.8)% | (10.7)% | (7.2)% | (7.2)% | (8.9)% |

Total return – the theoretical return to shareholders calculated on a per share basis by adding distributions paid in the period to the increase or decrease in the NAV in the period. The distributions are assumed to have been re-invested in the form of shares or net assets, respectively, on the date on which the shares were quoted ex dividend.

The effect of reinvesting these distributions on the respective ex dividend dates and the NAV total returns are shown below.

| | 30 September 2019 | | 31 March 2019 | |
|---|------------------------------|---------|------------------------------|---------|
| | Ordinary shares/ B shares | Units | Ordinary shares/ B shares | Units |
| NAV per share at start of six months/financial year | 102.39p | 409.56p | 103.75p | 415.00p |
| NAV per share at end of six months/financial year | 104.66p | 418.64p | 102.39p | 409.56p |
| Change in the period | 2.2% | 2.2% | -1.3% | -1.3% |
| Impact of dividend/capital repayment reinvestments [†] | 2.5% | 2.5% | 4.8% | 4.8% |
| NAV total return | 4.7% | 4.7% | 3.5% | 3.5% |

[†] During the six months to 30 September 2019 dividends/capital repayments totalling 2.58p (Ordinary shares/B shares) and 10.32p (units) went ex-dividend. During the year to 31 March 2019 the equivalent figures were 5.00p (Ordinary shares/B shares) and 20.0p (units).

Yield – The total annual dividend/capital repayment expressed as a percentage of the period end share price.

| | | 30 September 2019* | | | 31 March 2019 | | |
|-----------------------------------|-----|--------------------|----------|--------|-----------------|----------|--------|
| | | Ordinary shares | B shares | Units | Ordinary shares | B shares | Units |
| Annual dividend/capital repayment | (a) | 5.21p | 5.21p | 20.84p | 5.04p | 5.04p | 20.16p |
| Share price | (b) | 94.0p | 95.5p | 374.0p | 95.0p | 95.0p | 373.0p |
| Yield = $(c=a/b)$ | (c) | 5.5% | 5.5% | 5.6% | 5.3% | 5.3% | 5.4% |

* Based on expected annual dividend/capital repayment of 5.21 pence per share in respect of the year ending 31 March 2020.

Shareholder Information

Dividends

Dividends on Ordinary shares and capital repayments on B shares are paid quarterly in August, November, February and May each year. Shareholders who wish to have distributions paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for the purpose. Mandates may be obtained from Equiniti Limited (see back cover page for contact details) on request. The Company operates the BACS system for the payment of distributions. Where distributions are paid directly into shareholders' bank accounts, dividend and capital repayment tax vouchers are sent directly to shareholders' registered addresses.

Share Prices and Daily Net Asset Value

The Company's securities are listed on the London Stock Exchange under 'Investment Trusts'. Prices are given daily in the *Financial Times* and other newspapers. The net asset value of the Company's shares can be obtained by contacting BMO Asset Management Investment (Services) Limited on 0345 600 3030.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to Equiniti Limited, under the signature of the registered holder.

Financial Calendar 2019/20

| | |
|-----------------|---|
| 1 November 2019 | Second quarter's distribution paid (XD Date 3 October 2019) |
| 7 February 2020 | Third quarter's distribution paid (XD Date 2 January 2020) |
| 1 May 2020 | Fourth quarter's distribution paid (XD Date 2 April 2020) |
| May 2020 | Announcement of Annual Results and Posting of Annual Report |
| July 2020 | Annual General Meeting |

Warning to shareholders – Beware of Share Fraud

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell to you shares that turn out to be worthless or non-existent, or to buy your shares at an inflated price in return for an upfront payment following which the proceeds are never received.

If you receive unsolicited investment advice or requests:

- Check the Financial Services Register from www.fca.org.uk to see if the person or firm contacting you is authorised by the Financial Conduct Authority (“FCA”)
- Call the FCA on **0800 111 6768** if the firm does not have contact details on the Register or you are told they are out of date
- Search the list of unauthorised firms to avoid at fca.org.uk/scams
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme
- Think about getting independent financial and professional advice

If you are approached by fraudsters please tell the FCA by using the share fraud reporting form at fca.org.uk/scams where you can find out more about investment scams. You can also call the FCA Consumer Helpline on **0800 111 6768**. If you have already paid money to share fraudsters you should contact Action Fraud on **0300 123 2040**.

How to Invest

One of the most convenient ways to invest in BMO UK High Income Trust PLC is through one of the savings plans run by BMO.

BMO Investment Trust ISA

You can use your ISA allowance to make an annual tax-efficient investment of up to £20,000 for the 2019/20 tax year with a lump sum from £500 or regular savings from £50 a month per Trust. You can also transfer any existing ISAs to us whilst maintaining the tax benefits.

BMO Junior ISA (JISA)*

You can invest up to £4,368 for the tax year 2019/20 from £500 lump sum or £30 a month per Trust, or a combination of both. Please note, if your child already has a Child Trust Fund (CTF), then you cannot open a separate JISA, however you can transfer the existing CTF (held either with BMO or another provider) to a BMO JISA.

BMO Child Trust Fund (CTF)*

If your child has a CTF you can invest up to £4,368 for the 2019/20 tax year, from £100 lump sum or £25 a month per Trust, or a combination of both. You can also transfer a CTF from another provider to a BMO CTF. Please note, the CTF has been replaced by the JISA and is only available to investors who already hold a CTF.

BMO General Investment Account (GIA)

This is a flexible way to invest in our range of Investment Trusts. There are no maximum contributions, and investments can be made from £500 lump sum or £50 a month per Trust. You can also make additional lump sum top-ups at any time from £250 per Trust.

BMO Junior Investment Account (JIA)

This is a flexible way to save for a child in our range of Investment Trusts. There are no maximum contributions, and the plan can easily be set up under bare trust (where the child is noted as the beneficial owner) or kept in your name if you wish to retain control over the investment. Investments can be made from a £250 lump sum or £25 a month per Trust. You can also make additional lump sum top-ups at any time from £100 per Trust.

* The CTF and JISA accounts are opened in the child's name and they have access to the money at age 18.

** Calls may be recorded or monitored for training and quality purposes.

Charges

Annual management charges and other charges apply according to the type of plan.

Annual account charge

ISA: £60+VAT
GIA: £40+VAT
JISA/JIA/CTF: £25+VAT

You can pay the annual charge from your account, or by direct debit (in addition to any annual subscription limits).

Dealing charges

ISA: 0.2%
GIA/JIA/JISA: postal instructions £12, online instructions £8 per Trust.

Dealing charges apply when shares are bought or sold but not on the reinvestment of dividends or the investment of monthly direct debits for the GIA, JIA and JISA.

There are no dealing charges on a CTF but a switching charge of £25 applies if more than 2 switches are carried out in one year.

Government stamp duty of 0.5% also applies on the purchase of shares (where applicable).

There may be additional charges made if you transfer a plan to another provider or transfer the shares from your plan.

The value of investments can go down as well as up and you may not get back your original investment. Tax benefits depend on your individual circumstances and tax allowances and rules may change. Please ensure you have read the full Terms and Conditions, Privacy Policy and relevant Key Features documents before investing. For regulatory purposes, please ensure you have read the Pre-sales cost disclosures related to the product you are applying for, and the relevant Key Information Documents (KIDs) for the investment trusts you are wanting to invest into.

How to Invest

To open a new BMO plan, apply online at bmogam.com/apply

Note, this is not available if you are transferring an existing plan with another provider to BMO, or if you are applying for a new plan in more than one name.

New Customers

Call: **0800 136 420**** (8.30am – 5.30pm, weekdays)
Email: info@bmogam.com

Existing Plan Holders

Call: **0345 600 3030**** (9.00am – 5.00pm, weekdays)
Email: investor.enquiries@bmogam.com
By post: BMO Administration Centre
PO Box 11114
Chelmsford
CM99 2DG

You can also invest in the trust through online dealing platforms for private investors that offer share dealing and ISAs. Companies include: **Alliance Trust Savings, Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

Corporate Information

Directors

J M Evans (Chairman)
J Le Blan*
A K Watkins
J P Williams
I A McLaren (retired 9 July 2019)

Alternative Investment Fund Manager ('AIFM'), Investment Manager and Company Secretary

BMO Investment Business Limited
6th Floor, Quartermile 4,
7a Nightingale Way,
Edinburgh EH3 9EG

Broker

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Auditor

Deloitte LLP
110 Queen Street
Glasgow G1 3BX

Depository

JPMorgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Principal Bankers and Custodian

JPMorgan Chase Bank
25 Bank Street
Canary Wharf
London E14 5JP

Bankers

Scotiabank Europe
201 Bishopsgate
London EC2M 3NS

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Company Number

SC314671

Website

www.bmoukhighincome.com

* Chairman of the Audit Committee



BMO Asset Management Limited

0345 600 3030, 9.00am – 5.00pm, weekdays, calls may be recorded or monitored for training and quality purposes.

BMO Asset Management Limited is authorised and regulated by the Financial Conduct Authority and is a member of BMO Global Asset Management EMEA of which the ultimate parent company is the Bank of Montreal. L56_04/19_CM11982






BMO UK High Income Trust PLC

Interim Report 2019

Registered Office

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-  Tel: 0207 628 8000 Fax: 0131 718 1280
-  bmoukhighincome.com

Registrars

-  Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
-  Registrars' Shareholder Helpline: 0371 384 2470*
-  Registrars' Broker Helpline: 0906 559 6025†
-  Registrars' Overseas Helpline: +44 121 415 7047**
-  shareview.co.uk

* Lines open 8.30 am to 5.30 pm, Monday to Friday, excluding public holidays in England and Wales.

† Calls to this number are charged at £1 per minute from a BT landline. Other telephony providers' costs may vary.

Lines open 8.30 am to 5.30 pm, Monday to Friday, excluding public holidays in England and Wales.

** Local overseas call rates will apply.

