

BMO UK High Income Trust PLC

Interim Report for the
six months ended
30 September 2020



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 premium segment of the Official List of the Financial Conduct Authority and traded on the London Stock Exchange.

Purpose

The purpose of the Company is to be a cost effective investment vehicle for investors seeking income and capital returns from a portfolio invested predominantly in UK equities.

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](https://www.bmoukhighincome.com)

Company registration number SC314671
Legal Entity Identifier: 213800B7D5D7RVZPV45

Financial Highlights for the six months

+15.7%

NAV total return⁽¹⁾

Net asset value total return per share for the six months was +15.7%, ahead of the Benchmark⁽²⁾ total return of +7.0%

+17.9%

Ordinary share price total return⁽¹⁾

Ordinary share price total return for the six months was +17.9% compared to the Benchmark⁽²⁾ total return of +7.0%

+21.4%

B share price total return⁽¹⁾

B share price total return for the six months was +21.4% compared to the Benchmark⁽²⁾ total return of +7.0%

6.6%

Yield⁽¹⁾ on Ordinary Shares and B Shares

Distribution yield of 6.6% on Ordinary shares and B shares at 30 September 2020, compared to the yield on the FTSE All-Share Index of 4.6%

⁽¹⁾ Total return and yield – See Alternative Performance Measures on pages 25 and 26.

⁽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.

Investors are reminded that the value of investments and any income from them may go down as well as up and they 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 2020	Year to 31 March 2020
Net asset value per Ordinary share, B share and Unit ⁽³⁾	+15.7%	-21.4%
Ordinary share price	+17.9%	-22.8%
B share price	+21.4%	-25.0%
Unit price ⁽³⁾	+17.5%	-22.7%
Benchmark ⁽²⁾	+7.0%	-18.5%

	30 September 2020	31 March 2020	% Change
Distributions			
Yield ⁽¹⁾ – Ordinary shares	6.6%	7.5%	
Yield ⁽¹⁾ – B shares	6.6%	7.7%	
Capital			
Net assets	£100.2m	£89.5m	+12.0
Net asset value per Ordinary share and B share	85.94p	76.66p	+12.1
Net asset value per unit	343.76p	306.64p	+12.1
FTSE All-Share Index	3,282.25	3,107.42	+5.6
Discount⁽¹⁾			
Ordinary shares	-8.1%	-9.3%	
B shares	-8.1%	-11.9%	
Units ⁽³⁾	-9.2%	-11.0%	
Gearing⁽¹⁾			
Gearing	9.1%	3.4%	

⁽¹⁾ Total return, yield, discount and gearing – see Alternative Performance Measures on pages 25 and 26.

⁽²⁾ Benchmark – see definition on page 4.

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

Sources: BMO Global Asset Management ("BMO GAM") and Refinitiv Eikon

Chairman's Statement



J M Evans Chairman

Investment performance

For the six months to 30 September 2020 the net asset value total return for both the Ordinary shares and B shares was +15.7%, significantly ahead of the +7.0% total return recorded by the FTSE All-Share Index – the benchmark.

I mentioned in my statement in the Annual report for the year to 31 March 2020 that the Manager had focused the investment portfolio with a high level of commitment behind each investment. I suggested that the portfolio was unlikely to perform in line with the benchmark index. So it has proved. Performance has also been good relative to the peer group of UK Equity Income Investment Companies as measured by the AIC. The sector recorded a net asset value total return of 9.0% over the six months to 30 September 2020.

The outperformance relative to the benchmark has been driven by two factors, excellent stock selection and the beneficial effects of gearing. The Company's borrowing facilities were utilised consistently throughout the period under review.

In numerical terms of the 8.7% points of outperformance stock and sector selection contributed 8%. In particular, excellent contributions were made by ASOS, Wizz Air and by Just Eat Takeaway, a huge beneficiary of the transition to dining at home under the pandemic restrictions.

During the period under review, stock markets around the world recovered from the lows of March as the measures imposed to counteract the spread of COVID-19 proved to be effective and controls were gradually eased. Initially in this period a number of companies took the opportunity to raise equity in order to strengthen their balance sheets and provide a buffer against poor trading and weak cash flow. Generally, such fund raisings were well supported and subsequent share price movements were very strong.

Your Manager participated in a number of these issues in the period under review, mostly notably ASOS, Compass, Beazley and Signature Aviation.

ASOS was a company we backed with additional capital at the onset of the crisis. The Manager believed ASOS would be a beneficiary of the structural shift online during the pandemic and therefore took advantage of a stock he felt was oversold. The share price has risen nearly 200% since the capital raising, confirming the Manager's view of the qualities of its business model. The Manager has also backed Compass Group, a supplier of catering to schools, business, leisure and healthcare sectors. With most sectors closed for business Compass was hit hard by the first global lockdown but with markets beginning to open and a vaccine on the horizon we have seen a sharp rebound in performance. This will

be true of many companies hit hard by the pandemic. For some, the structural shift will not unwind, but for others there was clear upside with the potential return of a normalised, or at least a new normal environment.

As markets recovered there was a slight narrowing of the discount at which both the Ordinary and B shares traded. Consequently, the Share price total return for the period was +17.9% (Ordinary shares) and +21.4% (B shares).

Earnings, dividends and capital distributions

Another comment made in the last Chairman's statement was to highlight the significant reduction in the level of dividends being paid by UK companies. This is fully reflected in the sharp fall of 30.9% in the revenue return per share for the six months to 30 September 2020 when compared to the previous equivalent period.

The outlook for dividends in the UK remains uncertain but perhaps the nature of the uncertainty has evolved since March. Much debate now centres on when dividends will be reinstated or increased – not on by how much they will be reduced. Our investment portfolio has been insulated from the worst of the falls given our sector positioning, driven by the Manager's views on the fundamental weaknesses inherent in their business models of sector constituents. We have a very small weight in Oil & Gas and no exposure to UK high street banks and have transitioned the investment portfolio to better quality business models, with more robust balance sheets and better dividend cover. For example, within the Financial sector while high street banks have stopped paying dividends, we have seen Intermediate Capital Group, Brewin Dolphin and Phoenix Group hold or pay very similar dividends to the previous

year, attesting this quality shift. These two themes have reduced the impact on our revenue account and we feel there is more we can do as we enter the second half of the financial year to continue driving upside to our forecast revenue.

It is the Board's intention to at least maintain the level of distribution to shareholders in the current financial year. The Board will utilise some revenue reserves to achieve this. Three quarterly interim dividends have so far been declared each of 1.29p per share, the same level as was paid in the previous financial year. As a reminder, following the payment of the fourth quarterly interim dividend for the year to 31 March 2020 revenue reserves per Ordinary share were 5.7p, and the annual dividend, barring unforeseen circumstances is expected to be at least 5.21p per share.

The expected annual distribution level represents a yield for Ordinary shareholders and B shareholders of 6.6% based on the share prices as at 30 September 2020. This yield compares favourably with the yield on the benchmark index of 4.6%.

Discount and buy backs

The Company's Ordinary share price and B share price stood at a discount to net asset value of 8.1% at 30 September 2020.

Over the six-month period the price of the Company's shares traded at an average discount of 10.1% (Ordinary shares) and 9.4% (B shares).

During the period 100,000 Ordinary shares and 50,000 B shares were bought back at an average discount of 10.9% to the prevailing net asset value at the time of purchase. Subsequent to the period end, a further 350,000 Ordinary shares were bought back at an average discount of 12.4% to the prevailing net asset value at the time of purchase.

Chairman's Statement (continued)

Board changes

Helen Driver and Stephen Mitchell were appointed as non-executive directors with effect from 6 May 2020. Both have considerable experience in the investment world and will bring complementary skills to your Board. James Williams, our Senior Independent Director, retired following the AGM on 27 July 2020. Following James' retirement Andrew Watkins is now our Senior Independent Director and Stephen Mitchell will chair the Engagement and Remuneration Committee.

Outlook

Markets enjoyed a period of strong returns in the first half of the Company's financial year driven by the sentiment that the COVID-19 pandemic was being brought under control and also by evidence that the corporate sector in aggregate was dealing with tough trading conditions better than anticipated.

There are now more causes for uncertainty. It appears that infection rates have risen significantly from the summer lows and governments around the world are now in a phase of reimposing lockdown measures – but on a more regionally selective basis than before.

Brexit is beginning to rear its head as the rhetoric between the UK and Europe escalates. Given the backdrop of COVID-19, Brexit has not managed to grab the same headlines, or the markets' attention as otherwise might have been anticipated. While this is the case for now, this ongoing unrest does not help the perception of the UK market, despite the fact there is a lot of value on offer. The outcome of the US Presidential election was well received by

markets. The consensus was for a Biden win, which we got, but a split Senate would see a dampening of some of the more left-wing policies which would have affected markets.

With the announcement of vaccines from Pfizer, Moderna and Oxford/AstraZeneca the backdrop has again changed very sharply. The rotation out of quality growth companies into value was the sharpest seen in over two decades, which should not come as a surprise given how extended relative valuations have become since the outbreak of the pandemic. Following Pfizer's announcement, your Company's investment portfolio performed exceptionally well delivering further outperformance. The news on the approval and subsequent availability of the Pfizer vaccine is a cause for optimism but there remains some uncertainty as to how long it will take to vaccinate a significant proportion of the population. Another debate is what will the recovery look like – is there a new normal, with a drive to working from home and shopping online and does the shape of the investment landscape change? The answer is almost definitely yes, and the portfolio needs to be invested in those companies that are judged to be the winners over the coming years. So far your Company has managed the pandemic well, and the investment portfolio has the right balance to deliver over the medium-term.

John M Evans
Chairman

2 December 2020

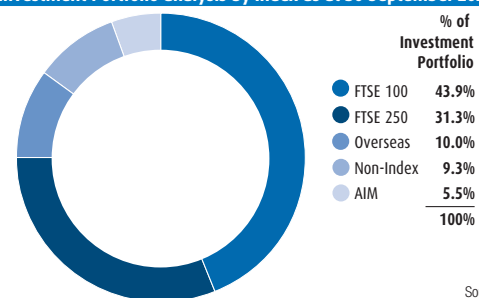
Classification of Investments

At 30 September 2020

The following table shows, at 30 September 2020, the percentage weightings by sector of the investment portfolio in comparison to the FTSE All-Share Index.

Investment Portfolio by Sector		
Sector	2020 % Total investments	2020 FTSE All-Share Index
Consumer Discretionary	27.3	11.3
Financials	23.4	22.0
Consumer Staples	15.3	16.0
Industrials	6.7	12.7
Healthcare	6.7	11.5
Real Estate	5.9	2.8
Basic Materials	5.5	9.1
Technology	5.1	2.4
Utilities	2.9	3.4
Energy	1.2	6.6
Telecommunications	-	2.2
Total	100.0	100.0

Investment Portfolio analysis by Index as at 30 September 2020



Source: BMO GAM

Investment Portfolio

At 30 September 2020

Company	Industry – Sector	Market Value £'000	% of total investments
British American Tobacco	Consumer Staples – Tobacco	7,701	7.0
GlaxoSmithKline	Health Care – Pharmaceuticals & Biotechnology	7,279	6.6
RELX	Consumer Discretionary – Media	6,018	5.5
Rio Tinto	Basic Materials – Industrial Metals & Mining	6,001	5.5
Kerry Group	Consumer Staples – Food Producers	4,563	4.2
Compass Group	Consumer Discretionary – Consumer Services	4,340	4.0
Close Brothers Group	Financials – Banks	3,775	3.5
Phoenix Group Holdings	Financials – Life Insurance	3,766	3.4
Intermediate Capital Group	Financials – Investment Banking & Brokerage Services	3,631	3.3
ASOS	Consumer Discretionary – Retailers	3,592	3.3
Ten largest investments		50,666	46.3
Cairn Homes	Consumer Discretionary – Household Goods & Home Construction	3,494	3.2
Prudential	Financials – Life Insurance	3,265	3.0
Berkeley Group Holdings	Consumer Discretionary – Household Goods & Home Construction	3,264	3.0
Neinor Homes	Real Estate – Real Estate Investment & Services	3,241	3.0
LondonMetric Property	Real Estate – Real Estate Investment Trusts	3,203	2.9
Pennon Group	Utilities – Gas, Water and Multi utilities	3,167	2.9
Melrose Industries	Industrials – General Industrials	3,062	2.8
Just Eat	Technology – Software & Computer Services	2,918	2.7
Beazley	Financials – Non–Life Insurance	2,800	2.6
Compagnie Financière Richemont	Consumer Discretionary – Personal Goods	2,778	2.4
Twenty largest investments		81,858	74.8

At 30 September 2020

Company	Industry – Sector	Market Value £'000	% of total investments
Brewin Dolphin	Financials – Investment Banking & Brokerage Services	2,631	2.4
Amadeus IT Group	Technology – Software & Computer Services	2,610	2.4
Burford Capital	Financials – Finance & Credit Services	2,449	2.2
Signature Aviation	Industrials – Industrial Transportation	2,358	2.1
Delivery Hero	Consumer Discretionary – Consumer Services	2,322	2.1
Diageo	Consumer Staples – Beverages	2,298	2.1
Imperial Brands	Consumer Staples – Tobacco	2,149	2.0
Wizz Air Holdings	Consumer Discretionary – Travel & Leisure	2,065	1.9
Vistry Group	Consumer Discretionary – Household Goods & Home Construction	1,951	1.8
The Hut Group	Industrials – General Industrials	1,919	1.8
Thirty largest investments		104,610	95.6
Legal & General Group	Financials – Life Insurance	1,597	1.5
Jupiter Fund Management	Financials – Investment Banking & Brokerage Services	1,579	1.4
BP	Energy – Oil, Gas & Coal	875	0.8
Royal Dutch Shell	Energy – Oil, Gas & Coal	487	0.5
Investors Securities Company Limited	N/A (subsidiary undertaking)	250	0.2
Total investments		109,398	100.0

Condensed Unaudited Statement of Comprehensive Income

Notes	Six months to 30 September 2020		
	Revenue £'000	Capital £'000	Total £'000
	-	12,797	12,797
	-	(17)	(17)
2 Investment income	1,803	-	1,803
3 Investment management fee	(105)	(245)	(350)
Other expenses	(220)	-	(220)
Profit/(loss) before finance costs and taxation	1,478	12,535	14,013
Net finance costs			
Interest on bank loans	(32)	(74)	(106)
Total finance costs	(32)	(74)	(106)
Profit/(loss) before tax	1,446	12,461	13,907
4 Tax on ordinary activities	(7)	-	(7)
Profit/(loss) for the period	1,439	12,461	13,900
Total comprehensive income for the period	1,439	12,461	13,900
5 Earnings per share	1.23p	10.67p	11.90p

The total column of this statement represents the Company's Income Statement and Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Companies.

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

All of the profit and comprehensive income for the period is attributable to the owners of the Company.

	Six months to 30 September 2019			Year to 31 March 2020*		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
	-	3,965	3,965	-	(27,431)	(27,431)
	-	(8)	(8)	-	-	-
	2,479	-	2,479	4,836	-	4,836
	(121)	(281)	(402)	(227)	(529)	(756)
	(208)	-	(208)	(467)	-	(467)
	2,150	3,676	5,826	4,142	(27,960)	(23,818)
	(31)	(72)	(103)	(62)	(144)	(206)
	(31)	(72)	(103)	(62)	(144)	(206)
	2,119	3,604	5,723	4,080	(28,104)	(24,024)
	(27)	-	(27)	(27)	-	(27)
	2,092	3,604	5,696	4,053	(28,104)	(24,051)
	2,092	3,604	5,696	4,053	(28,104)	(24,051)
	1.78p	3.07p	4.85p	3.46p	(23.99)p	(20.53)p

*these figures are audited.

Condensed Unaudited Statement of Financial Position

As at				
Notes	30 September 2020 £'000	30 September 2019 £'000	31 March 2020* £'000	
Non-current assets				
9	Investments held at fair value through profit or loss	109,398	126,189	92,587
		109,398	126,189	92,587
Current assets				
	Receivables	300	471	938
	Cash and cash equivalents	552	5,290	4,003
		852	5,761	4,941
	Total assets	110,250	131,950	97,528
Current liabilities				
	Payables	(519)	(1,675)	(507)
10	Bank loan	(2,000)	-	-
		(2,519)	(1,675)	(507)
Non-current liabilities				
10	Bank loan	(7,500)	(7,500)	(7,500)
		(7,500)	(7,500)	(7,500)
	Total liabilities	(10,019)	(9,175)	(8,007)
	Net assets	100,231	122,775	89,521
Capital and reserves				
11	Share capital	134	134	134
	Share premium	153	153	153
	Capital redemption reserve	5	5	5
	Buy back reserve	81,038	81,643	81,157
	Special capital reserve	14,133	15,742	14,945
	Capital reserves	(446)	18,801	(12,907)
	Revenue reserve	5,214	6,297	6,034
	Equity shareholders' funds	100,231	122,775	89,521
12	Net asset value per Ordinary share	85.94p	104.66p	76.66p
12	Net asset value per B share	85.94p	104.66p	76.66p

Approved by the Board, and authorised for issue, on 2 December 2020 and signed on its behalf by:

John M Evans, Director

*these figures are audited.

Condensed Unaudited Statement of Changes in Equity

For the six months to 30 September 2020									
Notes	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	
	Balance as at 1 April 2020	134	153	5	81,157	14,945	(12,907)	6,034	89,521
	Profit for the period	-	-	-	-	-	12,461	1,439	13,900
	Share bought back for treasury	-	-	-	(119)	-	-	-	(119)
8	Dividends paid on Ordinary shares	-	-	-	-	-	(2,259)	(2,259)	
8	Capital returns paid on B shares	-	-	-	-	(812)	-	-	(812)
	Balance as at 30 September 2020	134	153	5	81,038	14,133	(446)	5,214	100,231

For the six months to 30 September 2019									
Notes	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	
	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 year to 31 March 2020*									
Notes	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	
	Balance as at 1 April 2019	134	153	5	81,643	16,540	15,197	6,433	120,105
	(Loss)/profit for the year	-	-	-	-	-	(28,104)	4,053	(24,051)
	Shares bought back for treasury	-	-	-	(486)	-	-	-	(486)
8	Dividends paid on Ordinary shares	-	-	-	-	-	(4,452)	(4,452)	
8	Capital returns paid on B shares	-	-	-	-	(1,595)	-	-	(1,595)
	Balance as at 31 March 2020	134	153	5	81,157	14,945	(12,907)	6,034	89,521

*these figures are audited.

Condensed Unaudited Cash Flow Statement

	Six months to 30 September 2020 £'000	Six months to 30 September 2019 £'000	Year to 31 March 2020* £'000
Cash flows from operating activities			
Profit/(loss) before tax	13,907	5,723	(24,024)
Adjustments for:			
(Gains)/losses on investments held at fair value through profit or loss	(12,797)	(3,965)	27,431
Exchange losses	17	8	-
Interest income	(1)	(7)	(23)
Interest received	1	7	23
Dividend income	(1,802)	(2,472)	(4,813)
Dividend income received	2,354	3,445	5,428
Decrease/(increase) in receivables	4	2	(16)
Increase/(decrease) in payables	12	1	(47)
Finance costs	106	103	206
Overseas tax suffered	(23)	(52)	(55)
Net cash inflow from operating activities	1,778	2,793	4,110
Cash flows from investing activities			
Purchases of investments	(11,665)	(6,263)	(19,784)
Sales of investments	7,744	10,687	25,201
Net cash (outflow)/inflow from investing activities	(3,921)	4,424	5,417
Cash flows from financing activities			
Dividends paid on Ordinary shares	(2,259)	(2,228)	(4,452)
Capital returns paid on B shares	(812)	(798)	(1,595)
Interest on bank loan	(101)	(97)	(195)
Shares purchased for treasury	(119)	-	(486)
Drawdown of loan	2,000	-	-
Net cash outflow from financing activities	(1,291)	(3,123)	(6,728)
Net (decrease)/increase in cash and cash equivalents	(3,434)	4,094	2,799
Currency losses	(17)	(8)	-
Opening net cash and cash equivalents	4,003	1,204	1,204
Closing net cash and cash equivalents	552	5,290	4,003

*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 2020. 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 2020, which were prepared under full IFRS requirements to the extent that they have been adopted by the European Union.

2. Income

	30 September 2020 £'000	30 September 2019 £'000	31 March 2020 £'000
Income comprises:			
UK dividend income	1,735	2,162	4,485
Overseas dividend income	67	310	328
Deposit interest	1	7	23
	1,803	2,479	4,836

- 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 116,765,010 shares (period to 30 September 2019 - 117,304,847; year to 31 March 2020 - 117,123,368), being the weighted average number of shares in issue during the period.
- Earnings for the six months to 30 September 2020 should not be taken as a guide to the results of the full year.

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

7. 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.

8. Dividends and capital repayments

	Payment date	Six months to 30 September 2020 £'000	Six months to 30 September 2019 £'000	Year to 31 March 2020 £'000
In respect of the previous period:				
Fourth interim dividend at 1.34p (2019: 1.29p) per Ordinary share	1-May-20	1,151	1,114	1,114
Fourth capital repayment at 1.34p (2019: 1.29p) per B share	1-May-20	414	399	399
In respect of the period under review:				
First interim dividend at 1.29p (2020: 1.29p) per Ordinary share	7-Aug-20	1,108	1,114	1,114
First capital repayment at 1.29p (2020: 1.29p) per B share	7-Aug-20	398	399	399
Second interim dividend (2020: 1.29p) per Ordinary share		-	-	1,114
Second capital repayment (2020: 1.29p) per B share		-	-	399
Third interim dividend (2020: 1.29p) per Ordinary share		-	-	1,110
Third capital repayment (2020: 1.29p) per B share		-	-	398
		3,071	3,026	6,047

A second interim dividend for the year to 31 March 2021, of 1.29p per Ordinary share, was paid on 6 November 2020 to Ordinary shareholders on the register on 2 October 2020.

A second quarter capital repayment of 1.29p per B share was paid on 6 November 2020 to B shareholders on the register on 2 October 2020.

Although these payments relate to the period ended 30 September 2020, under IFRS they will be accounted for in the six months to 31 March 2021, 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	107,063	250	107,313
Opening unrealised losses	(14,726)	-	(14,726)
Opening valuation	92,337	250	92,587
Movement in the period:			
Purchases at cost	11,665	-	11,665
Sales - proceeds	(7,651)	-	(7,651)
Sales - losses on sales	(1,043)	-	(1,043)
Increase in unrealised gains	13,840	-	13,840
Closing valuation at 30 September 2020	109,148	250	109,398
Closing book cost at 30 September 2020	110,034	250	110,284
Closing unrealised losses at 30 September 2020	(886)	-	(886)
Closing valuation at 30 September 2020	109,148	250	109,398

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 2020.

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

10. Bank loans

The Company has a £7.5 million unsecured term loan from Scotiabank Europe plc until 28 September 2022 and at a fixed interest rate of 2.58 per cent per annum. 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.

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. £2 million of the RCF was drawn down at 30 September 2020 at an interest rate of 1.5% (30 September 2019 – £nil; 31 March 2020 – £nil).

11. Share capital

Allotted, issued and fully paid

	Listed		Held in Treasury		In Issue	
	Number	£	Number	£	Number	£
Ordinary Shares of 0.1p each						
Balance at 1 April 2020	102,067,144	102,067	(16,144,491)	(16,144)	85,922,653	85,923
Repurchased to be held in treasury	-	-	(100,000)	(100)	(100,000)	(100)
Balance at 30 September 2020	102,067,144	102,067	(16,244,491)	(16,244)	85,822,653	85,823
B Shares of 0.1p each						
Balance at 1 April 2020	32,076,703	32,077	(1,217,953)	(1,218)	30,858,750	30,859
Repurchased to be held in treasury	-	-	(50,000)	(50)	(50,000)	(50)
Balance at 30 September 2020	32,076,703	32,077	(1,267,953)	(1,268)	30,808,750	30,809
Total at 30 September 2020	134,143,847	134,144	(17,512,444)	(17,512)	116,631,403	116,632

During the period the Company bought back 100,000 Ordinary shares at a cost of £79,000 and bought back 50,000 B shares at a cost of £40,000 to hold in treasury (period to 30 September 2019 – nil Ordinary shares and nil B shares; year to 31 March 2020 – 405,491 Ordinary shares and 117,953 B shares).

At 30 September 2020 the Company held 16,244,491 Ordinary shares and 1,267,953 B shares in treasury (30 September 2019 – 15,739,000 Ordinary shares and 1,100,000 B shares; 31 March 2020 – 16,144,491 Ordinary shares and 1,217,953 B shares).

12. The net asset value per share is based on shareholders' funds at the period end and on 85,822,653 Ordinary shares and 30,808,750 B shares, being the number of shares in issue at the period end (30 September 2019 – 86,328,144 Ordinary shares and 30,976,703 B shares; 31 March 2020 – 85,922,653 Ordinary shares and 30,858,750 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 2020.

14. Changes in liabilities arising from financing activities

	30 September 2020 £'000	31 March 2020 £'000
Opening net debt at beginning of period/year	7,500	7,500
Cash flows:		
Drawdown of revolving credit facility	2,000	-
Closing net debt at end of period/year	9,500	7,500

15. Going concern

In assessing the going concern basis of accounting, the Directors have had regard to the guidance issued by the Financial Reporting Council (including that due to COVID-19) and have undertaken a rigorous review of the Company's ability to continue as a going concern and specifically in the context of the COVID-19 pandemic. As part of that review the Board has also considered the ongoing uncertainties relating to the UK's continuing trade negotiations with the EU following its departure on 31 January 2020 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 value of these investments exceeds the Company's liabilities by a significant margin. 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 and loan covenants are reviewed by the Board on a regular basis.

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

15. Going concern (continued)

The Directors believe, having assessed the principal risks and other matters, including the COVID-19 pandemic and in light of the controls and review processes noted and bearing in mind the nature of the Company's business and assets and revenue and expenditure projections, 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.

16. Related party transactions

The Directors of the Company are considered a related party. The Directors receive aggregated remuneration for services as Directors and for which there were no outstanding balances at the period end. 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.

17. The Company's auditor, Deloitte LLP, has not audited or reviewed the Interim Report to 30 September 2020 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 2020, 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 2020 are an extract from those financial statements. No full statutory financial statements in respect of any period after 31 March 2020 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 2020.

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 principal risks identified in the Annual Report were:

- Financial Risk. The Company's assets consist mainly of listed equity securities and its principal financial risks are therefore market related and include market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk

- Investment and strategic risk
- Regulatory risk
- Operational risk
- Custody risk

These include risks in relation to failures at service providers or loss or sabotage of data through cyber threats or business continuity failure.

During 2020, the Board has also considered the impact of Coronavirus (COVID-19) which has increased uncertainty and volatility in markets and has impacted the value of investments. In addition the operational resilience of the Manager and the Company's other third party service providers has been considered. This is included within financial risk and operational risk.

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 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 M Evans
Director

2 December 2020

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 2020			31 March 2020		
		Ordinary shares	B shares	Units	Ordinary shares	B shares	Units
Net asset value per share	(a)	85.94p	85.94p	343.76p	76.66p	76.66p	306.64p
Share price	(b)	79.0p	79.0p	312.0p	69.5p	67.5p	273.0p
(Discount) (c=(b-a)/(a))	(c)	-8.1%	-8.1%	-9.2%	-9.3%	-11.9%	-11.0%

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 share price or 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 and share price total returns are shown below.

	30 September 2020		31 March 2020	
	Ordinary shares/ B shares	Units	Ordinary shares/ B shares	Units
NAV per share at start of period/year	76.66p	306.64p	102.39p	409.56p
NAV per share at end of period/year	85.94p	343.76p	76.66p	306.64p
Change in the period/year	12.1%	12.1%	-25.1%	-25.1%
Impact of dividend/capital repayment reinvestment [†]	3.6%	3.6%	3.7%	3.7%
NAV total return for the period/year	15.7%	15.7%	-21.4%	-21.4%

[†] During the six months to 30 September 2020 dividends/capital repayments totalling 2.63p (Ordinary shares/B shares) and 10.52p (units) went ex-dividend. During the year to 31 March 2020 the equivalent figures were 5.16p (Ordinary shares/B shares) and 20.64p (units).

Alternative Performance Measures (“APMs”) (continued)

	30 September 2020			31 March 2020		
	Ordinary shares	B shares	Units	Ordinary shares	B shares	Units
Share price per share at start of period/year	69.5p	67.5p	273.0p	95.0p	95.0p	373.0p
Share price per share at end of period/year	79.0p	79.0p	312.0p	69.5p	67.5p	273.0p
Change in the period/year	13.7%	17.0%	14.3%	-26.8%	-28.9%	-26.8%
Impact of dividend/capital repayment reinvestment [†]	4.2%	4.4%	3.2%	4.0%	3.9%	4.1%
Share price total return for the period/year	17.9%	21.4%	17.5%	-22.8%	-25.0%	-22.7%

[†] During the six months to 30 September 2020 dividends/capital repayments totalling 2.63p (Ordinary shares/B shares) and 10.52p (units) went ex-dividend. During the year to 31 March 2020 the equivalent figures were 5.16p (Ordinary shares/B shares) and 20.64p (units).

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

	30 September 2020*			31 March 2020		
	Ordinary shares	B shares	Units	Ordinary shares	B shares	Units
Annual dividend/capital repayment (a)	5.21p	5.21p	20.84p	5.21p	5.21p	20.84p
Share price (b)	79.0p	79.0p	312.0p	69.5p	67.5p	273.0p
Yield = (c=a/b)	(c) 6.6%	6.6%	6.7%	7.5%	7.7%	7.6%

* Based on expected minimum annual dividend/capital repayment of 5.21 pence per share in respect of the year ending 31 March 2021.

Gearing - represents the excess amount above shareholders’ funds of total investments, expressed as a percentage of the shareholders’ funds. If the amount calculated is negative, this is a ‘net cash’ position and no gearing.

		30 September 2020	31 March 2020
		£’000	£’000
Investments held at fair value through profit or loss	(a)	109,398	92,587
Net assets	(b)	100,231	89,521
Gearing (c=(a/b)-1)%	(c)	9.1%	3.4%

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 Investor Services 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 2020/21

6 November 2020	Second quarter’s distribution paid (XD Date 1 October 2020)
5 February 2021	Third quarter’s distribution paid (XD Date 7 January 2021)
7 May 2021	Fourth quarter’s distribution paid (XD Date 1 April 2021)
May 2021	Announcement of Annual Results and Posting of Annual Report
July 2021	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 2020/21 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 £9,000 for the tax year 2020/21 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 £9,000 for the 2020/21 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.

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](https://www.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: **Barclays Stockbrokers, Halifax, Hargreaves Lansdown, HSBC, Interactive Investor, Lloyds Bank, Selftrade, The Share Centre**

Notes

* 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.



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

Corporate Information

Directors

J M Evans (Chairman)⁽¹⁾
H M Galbraith (nee Driver) (appointed 6 May 2020)
J Le Blan⁽²⁾
S J Mitchell⁽³⁾ (appointed 6 May 2020)
A K Watkins⁽⁴⁾
J P Williams (retired 27 July 2020)

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

BMO Investment Business Limited
6th Floor, Quatermile 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

Depositary

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

BMO UK High Income Trust PLC

Interim Report 2020

Registered Office

- 6th Floor, Quatermile 4, 7a Nightingale Way, Edinburgh EH3 9EG
- 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.

⁽¹⁾ Chairman of the Nomination Committee

⁽²⁾ Chairman of the Audit Committee

⁽³⁾ Chairman of the Engagement and Remuneration Committee

⁽⁴⁾ Senior Independent Director

